DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

PART 2—(Pages 1–815)

Congressional witness
Department of Agriculture
Department of Education
Department of Energy
Department of the Interior
Navajo and Hopi Indian Relocation Commission
Pennsylvania Avenue Development Corporation
Woodrow Wilson International Center for Scholars

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
14-616 O WASHINGTON : 1983

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

S181-10

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

JAMES A. McCLURE, Idaho, *Chairman*

TED STEVENS, Alaska
PAUL LAXALT, Nevada
JAKE GARN, Utah
HARRISON SCHMITT, New Mexico
THAD COCHRAN, Mississippi
MARK ANDREWS, North Dakota
WARREN RUDMAN, New Hampshire
MARK O. HATFIELD, Oregon, *ex officio*

ROBERT C. BYRD, West Virginia
J. BENNETT JOHNSTON, Louisiana
WALTER D. HUDDLESTON, Kentucky
PATRICK J. LEAHY, Vermont
DENNIS DeCONCINI, Arizona
QUENTIN N. BURDICK, North Dakota
DALE BUMPERS, Arkansas
WILLIAM PROXMIRE, Wisconsin, *ex officio*

Professional Staff
Frank M. Cushing
Linda Richardson
Don Knowles
Charles Estes *(Minority)*

Administrative Support
Diana Barnhart

CONTENTS

TUESDAY, MARCH 9, 1982

Department of Energy: Page
Economic Regulatory Administration 1
Office of Hearings and Appeals 1, 41
Energy Information Administration 47

THURSDAY, MARCH 11, 1982

Department of the Interior:
National Park Service 65

WEDNESDAY, MARCH 17, 1982

Department of the Interior:
Bureau of Indian Affairs 217

THURSDAY, MARCH 18, 1982

Department of Energy 285

TUESDAY, MARCH 23, 1982

Woodrow Wilson International Center for Scholars 327
Department of the Interior:
Bureau of Land Management 339

THURSDAY, MARCH 25, 1982

Department of Education:
Office of Indian Education 393
Navajo and Hopi Indian Relocation Commission 417
Pennsylvania Avenue Development Corporation 457

WEDNESDAY, MARCH 31, 1982

Department of Energy 479

THURSDAY, APRIL 15, 1982

Congressional witness 561
Department of the Interior:
Land and Water Conservation Fund 579
Bureau of Land Management 603
Fish and Wildlife Service 617
Department of Agriculture:
Forest Service 631
Department of the Interior:
National Park Service 659

THURSDAY, APRIL 22, 1982

Department of Agriculture:
Forest Service 699

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

TUESDAY, MARCH 9, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:12 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

DEPARTMENT OF ENERGY

ECONOMIC REGULATORY ADMINISTRATION

STATEMENT OF RAYBURN HANZLIK, ADMINISTRATOR

ACCOMPANIED BY:

MILTON C. LORENZ, ACTING SPECIAL COUNSEL

JAMES W. WORKMAN, ACTING DIRECTOR, OFFICE OF FUELS PROGRAMS

OFFICE OF HEARINGS AND APPEALS

STATEMENT OF GEORGE B. BREZNAY, DIRECTOR, OFFICE OF HEARINGS AND APPEALS

ACCOMPANIED BY RICHARD T. TEDROW, DEPUTY DIRECTOR

PREPARED STATEMENTS

Senator McCLURE. Good morning.

This is the time scheduled to review the fiscal year 1983 budget request of the Department of Energy's Economic Regulatory Administration, the Office of Hearings and Appeals and the Energy Information Administration.

We will begin with the economic regulation appropriation, for which the fiscal year 1983 request totals $27,356,000. This is an increase of nearly $6 million over the fiscal year 1982 new budget authority level of $21,416,000. However, because some $38 million of deferred 1981 funds was applied to the 1982 spending level, there is actually a program level decrease of over $32 million between fiscal years 1982 and 1983.

I might add at this point that these figures include the emergency preparedness activities within the appropriation. The committee will not, however, review those functions until March 31 when we will also be reviewing the strategic petroleum and naval petroleum reserves.

Testifying on behalf of the Economic Regulatory Administration will be its Administrator, Rayburn Hanzlik, and testifying on behalf of the Office of Hearings and Appeals will be its Director, George B. Breznay.

Gentlemen, let me welcome you this morning and invite you to highlight your statements for the record. The complete text will, of course, appear in full in the record.

[The statements follow:]

Statement of Rayburn Hanzlik

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today in support of the President's fiscal year 1983 budget request for programs currently administered by the Economic Regulatory Administration. While this budget reflects the President's proposal to reorganize the Department of Energy, my comments also apply to these programs as administered under the present DOE organization. The programs involved are basically self-contained activities, which can properly function intact before and after reorganization.

The programs addressed in the fiscal year 1983 budget include: the oil pricing and allocation enforcement program; the oil and gas programs; and, the fuels conversion program. The total budget request in fiscal year 1983 is $16.4 million, of which $13.5 million is for the enforcement program.

ENFORCEMENT PROGRAM

The enforcement program in fiscal year 1983 will essentially involve the litigation of cases for alleged oil pricing violations not resolved during fiscal year 1982. The program in fiscal year 1982 consists of the completion of audit files for all unfinished enforcement cases, the resolution of these cases through negotiated settlements, and the preparation of cases not settled for litigation. All cases not resolved by September 30, 1982, will be subject to administrative and judicial litigation under this budget request.

We anticipate at this point that at least three-quarters, and hopefully more, of the approximately 850 unfinished cases will be resolved by the beginning of fiscal year 1983. Most of the fiscal year 1983 caseload will involve smaller companies, with only two or three major refiner cases unresolved. The budget request makes more than adequate provision for the personnel resources needed to properly litigate the caseload carried into fiscal year 1983.

The $13.5 million requested will fund the oil pricing litigation. This work will be handled by the experienced enforcement attorneys and litigation support personnel now employed in the ERA enforcement program. Additional attorneys and support personnel will be available from the Office of General Counsel under a separate budget request.

This enforcement litigation work will be the final activity of the former pricing and allocation regulatory program. The litigation work will transfer to the Department of Justice under the President's reorganization plan. If this transfer does not occur by October 1, 1982, the litigation will continue to be handled within the Department of Energy.

OIL AND GAS IMPORTS

These programs include the oil import program and the natural gas program. The oil import program involves the licensing of all imports of crude oil, unfinished oils, and finished petroleum products. The natural gas program administers the licensing of gas imports and exports. The funding request for these programs is $2.3 million, a decrease of $0.3 million from fiscal year 1982.

FUELS CONVERSION

The fuels conversion program in fiscal year 1982 was continued under the authority of the Fuel Use Act, as amended by the Omnibus Budget Reconciliation Act of 1981. The amended act provides for Federal administrative assistance to utilities wanting to convert from oil and natural gas to coal fuel through a prohibition order process. The administration has not proposed funding in fiscal year 1983 for this program on the basis that the work should be completed by the end of this fiscal year. In the event that essential work in the program remains in fiscal year 1983, a budget adjustment for fuels conversion will be considered by the administration.

This concludes my statement. I will be happy to answer any questions at this time.

STATEMENT OF GEORGE B. BREZNAY

Mr. Chairman, members of the committee, I appreciate the opportunity to appear before you today to discuss the operations of the Office of Hearings and Appeals.

As I reported to you last year, the January 28, 1981 Executive order decontrolling crude oil and petroleum products very substantially changed the operations of the Office of Hearings and Appeals. Because of the Executive order and the steps which we took to adapt our operations over the last 12 month period, we resolved 6,301 open and new submissions in this period and reduced inventory by 82 percent. I believe that this is a substantial accomplishment. In addition, during 1982 the operations of the Office of Hearings and Appeals are being conducted at a funding level which is 43 percent below its 1981 fiscal year appropriation.

As of the end of January, we reduced our open caseload to 651 petitions. Nevertheless, we understand that the planned operations of the Economic Regulatory Administration will produce approximately 965 new proposed remedial orders during the remainder of this fiscal year. These proposed orders, together with our other cases and the related submissions which remedial actions historically produce, can increase our caseload by as many as 4,750 submissions. On the basis of this guidance we can project opening the 1983 year with an inventory as high as 3,860 cases. Significantly, the bulk of this inventory will consist of compliance-related filings—which are historically the most vigorously contested because of the money involved and consequently the most difficult and time consuming to resolve.

As you know, our request is for a staff of 122 persons—an appropriate staffing level in view of the workload involved.

The statistics which we have provided project the resolution of 2,010 submissions during 1983. This means that a substantial number of cases could remain unresolved at the conclusion of fiscal year 1983, and the budget accordingly assumes continuation of the program in fiscal year 1984. I emphasize that the compliance cases which we anticipate receiving cannot be dealt with in either a summary or expedited manner. There are procedural rights and time periods involved which entail that a period of at least 60 calendar days will elapse following the issuance of a proposed remedial order before OHA may begin to resolve a case. The filing of motions and other submissions will only lengthen this period. In addition, we are likely to receive enforcement cases raising issues of first impression. Experience is essential in dealing with the complicated issues these cases present. For these reasons, I do not believe that any additional staff positions would lead to an appreciably greater number of case resolutions during the coming fiscal year. In fact, if we were to devote the time of experienced professional staff to train new hirees it would almost certainly reduce case resolutions during the first 3 to 6 months of the year.

This concludes my prepared presentation. I would be pleased to respond to any questions which you might have.

INPUT/OUTPUT FISCAL 1981-82

HEADQUARTERS OFFICE OF HEARINGS AND APPEALS

Month	Beginning inventory	Receipts	Final decisions and orders	Proposed decisions and orders	Adminis-trative closings	Total determin-ations	Ending inven-tory[1]
February	1,613	111	121	30	639	790	964
March	964	160	143	34	86	263	895
April..................	895	84	145	14	35	194	799
May	799	93	103	48	31	182	758
June	758	73	112	7	24	143	695
July....................	695	65	74	5	12	91	674
August..............	674	80	62	10	12	84	680
September	680	169	54	9	9	72	786
October 1981 ..	785	54	55	4	24	83	760
November	760	72	58	8	20	86	754
December	754	36	74	7	17	98	699
January 1982 ..	699	33	65	40	16	121	651
Total	....	1,030	1,066	216	925	2,207	....

---

[1] Includes cases for which proposed decisions and orders have been issued but not yet finalized.

SUMMARY STATEMENT OF ADMINISTRATOR, ERA

Mr. HANZLIK. Good morning, Mr. Chairman.

Before I begin, I would like to introduce to you the staff with me. The Special Counsel for the Enforcement Program, Milton Lorenz, is on my immediate left; and James Workman, the Director of the Office of Fuels Programs is on my far left.

You have a copy of my prepared statement. Let me simply highlight the budget request for the enforcement program and also touch upon the fuels program.

Our fiscal year 1983 enforcement program will essentially involve the litigation of cases for alleged oil pricing violations not resolved during this fiscal year. The program during this fiscal year, fiscal year 1982, consists of the completion of all audit files for unfinished cases, the resolution of these cases through negotiated settlements, and the preparation of cases not settled for litigation.

All cases not resolved by September 30, 1982, will be subject to administrative and judicial litigation.

We are requesting $13.5 million to fund the oil pricing litigation for fiscal year 1983. We anticipate that at least three-quarters of our pending cases, which now number 840 unfinished cases, will be resolved by the beginning of fiscal year 1983. This will leave us approximately 200 to 300 additional cases for litigation on the first of October.

The enforcement litigation work will be the final activity of this regulatory program, and under the President's reorganization proposal the litigation work will be under the administration of the Department of Justice.

In the event the reorganization does not occur, this litigation work will be under the Department of Energy.

In either case the work will be handled primarily by the enforcement lawyers and support personnel who are currently in the program. From our standpoint the program will not be affected one way or the other by the plans for reorganizing the Deparment.

Two other comments can be made on the statement. The funding for the oil and gas import programs, is being requested at essentially the same level as this fiscal year.

The administration is not requesting any funds for the fuels conversion program. The assumption here is that the work of this program will be complete by the end of this fiscal year and that changes will be made in existing laws or regulations to enable the services of this program to be performed in other forms.

I think I can answer your specific questions in the course of our discussion, sir.

SUMMARY STATEMENT OF DIRECTOR OF HEARINGS AND APPEALS

Senator McClure. Thank you very much.

Before going to the questions, we will hear from Mr. Breznay.

Mr. Breznay. Thank you, Senator.

I am George Breznay, the Director of the Office of Hearings and Appeals. With me on my right is Richard Tedrow, Deputy Director of the Office of Hearings and Appeals.

Although we are appearing here today with ERA for these purposes, I want to note that we are an independent office within the Department of Energy, reporting directly to the Secretary. The separation between the Economic Regulatory Administration and the Office of Hearings and Appeals has been believed to be essential in order that we function as an independent office, providing a fair and impartial review of enforcement actions, which form a major part of our current workload.

The current budget request represents a slight increase from last year's budget of $4.8 million. The current request is for $5.5 million. This, however, is a significant decrease from the budget for 1981 fiscal year.

We have decreased in size significantly since the 1981 fiscal year, when there were regional offices in operation. Currently we have no regional offices and the size of the office has decreased substantially since that period.

We are active currently in three major areas, again primarily enforcement. We have some exceptions, activity largely relating to the old oil entitlements program, and we have general agencywide matters which continue to come before us, involving freedom of information activities, testing and licensing matters, and so on.

I believe that the budget request represents an appropriate level for the office, and with the resources given we can continue to meet our workload.

I would be pleased to respond to any questions you may have, Senator.

STATUS OF COMPLIANCE CASES

Senator McClure. Thank you very much.

Mr. Hanzlik, last year at this time the Economic Regulatory Administration testified before this committee that of the 284 compliance violation cases brought against the 35 major refiners, some 76 cases with 15 of the refiners were settled. The remaining 208 cases with 20 of the 35 major refiners were still being negotiated and represented some $8.3 billion of gross alleged violations.

In the 1983 budget justification you indicate that by the beginning of fiscal 1983, October 1 of this year, you expect no more than two or three major refiner cases will remain to be litigated. Are you referring to two or three major refiners here? Or are you referring to 2 or 3 cases in the same context as you referred to the 208 cases last year?

Mr. Hanzlik. The two or three refers, Senator, to companies, not cases. As of today, we have settled 18 major refinery cases; we have another 3 with completed negotiations and are in the process of final clearance with the Office of General Counsel. We have 14 companies remaining to settle between now and the end of the program.

We are, furthermore, in active negotiations with virtually all of these, and my estimate of two to three is simply an assessment that two or three of these settlement discussions may not be concluded or be fruitful. This is an estimate on my part, and I can't tell you the precise number of cases with those companies, but it would be a fairly small number.

Senator McClure. Do I understand, then, that you have completed 108 cases between the last appearance before this committee and now?

Mr. Hanzlik. We have 89 outstanding cases against the major refineries right now. If one substracts that number from the number last October, this would give you the number of cases we have disposed of.

Senator McClure. Well, there is a little difficulty in tracking, because we keep talking about cases with major refiners and we talk about major refiners, and then we talk about individual cases. The numbers are quite different.

Mr. Hanzlik. Since I came aboard in October, we have tried to refer to cases now as companies as opposed to individual matters, because it is very confusing to talk about cases, because some companies have, as you know, multiple cases against them. We are now working in the agency primarily on the basis of companies as opposed to cases. Settlement discussions are with companies; they are not on the basis of individual cases.

EFFECT OF ADDITIONAL FISCAL YEAR 1982 FUNDS

Senator McClure. Does the fact that Congress funded the major refiner compliance activity over three times the original budget estimate play a part in the expected improved results?

Mr. Hanzlik. I wouldn't frame the success on that basis, Senator, because for practical purposes the agency combines the two enforcement budgets and operates as a unit. Our resources are allocated in the program where they are most needed and utilized, and thus I cannot answer that specifically. Perhaps I could research it and give you an answer.

Senator McCLURE. I think the thrust of the question is obvious, that the committee in its deliberations decided that we wanted a more vigorous compliance activity and gave more money than was asked. Now we see some substantial progress being made, and I know of your own determination to get these matters terminated. I think, too, it is worth saying that while we talk about numbers of cases and violations, the regulations which were being administered are oftentimes complex, and oftentimes very much subject to question as to what the regulation actually says or what is actually required. The interpretation in the field is very difficult to apply in many instances, and there are legitimate arguments about what is due and what should have been done.

I don't want to overstate the fact, as some of my colleagues are prone to do from time to time, that there are arguments about how much is at stake here. Those are legitimate arguments. But at the same time we want them settled and we want them settled fairly and honestly with due respect for the rights of the consumers that are involved as well as the companies that are involved.

That is one of the reasons why this committee, with diverse opinions, for quite opposite reasons perhaps, increased the amount of money that was available to you. Some were sure that that was necessary to protect consumers; others were quite certain it was necessary to protect the companies. But nevertheless more money was given. I hope that money was spent in the areas for which it was intended.

Mr. HANZLIK. There is one comment I would make on that. The funds that were appropriated did in fact allow us to maintain our personnel levels. We have a very fine team of professionals, and it was a comfort to have these resources to enable us to go at a steady pace as opposed to having to reduce our forces.

To answer your question specifically, there would have been a detrimental effect to the program had we not had that money.

ANTICIPATED RESULTS OF FISCAL YEAR 1982 SETTLEMENTS

Senator McCLURE. How much money in terms of gross alleged violations and in terms of actual funds received from the major refiners is represented in the negotiated settlements anticipated during fiscal year 1982?

Mr. HANZLIK. I can speak in terms of the 14 or so remaining major refinery cases. It is very difficult to give you a precise number of alleged violations because in many cases companies have violations that have not reached an actual formal determination, although these violations are also included in settlements. But there are approximately between $6 and $7 billion in various cost violations against the major refineries, and another $1 or $1.5 billion against the other companies, for a total of around $8 to $8.5 billion.

It is impossible for us to give you any accurate estimate as to the recoverable amount for this, because as you know, violation amounts are not synonymous with price overcharges, which we are attempting to collect. Overcharges are substantially less than the violation amount. Our gross projection now is that we expect, under the most favorable legal conditions, to collect somewhere between $1 and $2 billion total in the program on the cases that have yet to be resolved.

Senator McClure. Does that estimate track your experience? Or is that based upon an analysis?

Mr. Hanzlik. It is a combination of analysis and experience. There is simply no formula we can apply because every case is different, the issues are different, and the law is different. We have spent a great deal of time working to get a reasonable estimate of what our expectations should be.

Senator McClure. Well, if you recover $1 to $2 billion, as I understand you to have indicated, does that anticipate the carryover of some of these cases into fiscal 1983?

Mr. Hanzlik. Yes, sir. This is a total ball park number that applies to all remaining cases. A large percentage of this is major refinery cases. For example, we have one case against one company now that is an $800 million case. It happens to be in litigation in the courts. If the Department wins this case, that is $800 million which we can add; if we lose it, we have lost $800 million. So you can have a swing here of $1.6 billion with one single case against a single company. Therefore it becomes difficult for us to be accurate in our projection. But I hope most of these funds would come in this year.

Senator McClure. As of a year ago I think the figures indicate you had collected $677,186,720 in all activities up until that time. You are now estimating your recovery will be twice that amount in the remaining cases.

Mr. Hanzlik. Would you read those figures again?

Senator McClure. Six hundred seventy-seven million, one hundred eighty-six thousand, seven hundred twenty dollars.

Mr. Hanzlik. That is for the total program?

Senator McClure. That was the total of refunds, rollbacks, bank adjustments, payment to escrow account, payments to U.S. Treasury, and penalties.

Mr. Hanzlik. There is a major distinction between my numbers and yours. We no longer include banks in our estimate, because these are not hard dollars; our numbers are hard cash dollars.

Senator McClure. So the recovery would be even larger than twice the amount than had been recovered to that date?

Mr. Hanzlik. That is a fair conclusion.

Just to review this with you, our records indicate that as of the first of this month the program has recovered $1.1 billion total hard cash.

Senator McClure. That would indicate, and I hope I am tracking and using the right figures, between March 1980 to the present date you have collected an additional $500 million.

Mr. Hanzlik. We have collected an additional $317 million during this past fiscal year.

Senator McClure. Our figures don't add, but maybe you can provide for the record the figures which will give us the accurate amount.

With regard to the fiscal 1982 settlements, would you please provide for the record the amount of overcharges by type, the dollar distribution by refund to consumers, reduction in bank levels, price reductions, and other such payments.

[The information follows:]

FISCAL YEAR 1982 COMPLIANCE SETTLEMENTS

Company payments against settlements that have been adopted by the Department of Energy as final orders since October 1, 1981 are as follows:

Payment type	Major refiners	All other firms
Customer refunds	$35,500,000	$33,069,472
Payments to States	25,000,000	
U.S. Treasury (including SPRO oil)	47,000,000	1,506,032
Escrow deposits		20,839,991
Price rollbacks		129,166
Retail settlements and penalties		801,022
Total	107,500,000	56,345,683

The majority of these settlements were made prior to the institution of formal adjudicative enforcement proceedings. The amount of actual overcharges involved in these matters were, therefore, not determined.

COMPLIANCE PROGRAM MONEY IN ESCROW

Senator McCLURE. Last year you held over $120 million from the Office of Special Counsel in escrow accounts and about $150 million from the Office of Enforcement. How much money collected under the compliance program still remains in escrow?

Mr. HANZLIK. We have $53.2 million in Treasury miscellaneous receipts right now; we have $165 million in escrow, pending distribution; we have $192 million in escrow under what is called subpart V, which is a proceeding in OHA for claimants to request refunds. So the total of those three figures is roughly $400 million, of which $53 million has gone into the Treasury. More specifically, we have approximately $350 million in escrow accounts, plus interest. The interest is about $57 million.

Senator McCLURE. I was going to ask about the interest. Who gets the interest? That depends upon the distribution of the escrow?

Mr. HANZLIK. Yes, sir.

NONMAJOR REFINER SETTLEMENTS

Senator McCLURE. Of the so-called other or nonmajor refiner cases, you indicate some 200 to 300 cases will remain for fiscal 1983. How many of these are anticipated to be resolved during fiscal year 1983?

Mr. HANZLIK. We have 540 nonmajor refinery firms with unsettled matters right now before the agency. Of these approximately half are crude oil resellers; the others are crude producers, small refiners, retailers, and resellers. We anticipate that the majority of these cases which are not resolved this year will probably be in the crude oil reseller category, because the completion of about 60 or 70 of these cases is being held up by subpena action. These companies are resisting our audit efforts. Therefore, we are not certain today whether we will be successful between now and the end of this fiscal year in getting to the records of these companies. If we are not successful, we will have to continue this work into the next fiscal year.

Senator McClure. How much in terms of gross violations and actual settlements does this represent?

Mr. Hanzlik. We estimate that this represents approximately $600 million in violations with crude oil resellers, and with the other companies, approximately a billion or so dollars. We have approximately $1.5 to $2 billion in violations against the smaller companies.

Senator McClure. Do you have enough of a track record or enough of a handle on those to estimate what the settlements might be or what recovery might be out of that figure?

Mr. Hanzlik. Settlements in the small companies other than the crude oil resellers have been at a relatively high percentage historically, because there are only one or two issues against these companies as opposed to the major companies, which can have 10 to 20 or more issues.

The problem we have is we are getting down now to the cases which are the residue of the program. The easy ones have been settled. We are now down to either the hardcore cases, people who have simply resisted for their own reasons the resolution of their cases, or to cases which may not be quite as strong as cases that have been disposed of earlier. Therefore, because the good cases have been resolved, it is going to be harder, I think, to match the refund or the settlement level previously reached, simply because in many of these cases our legal case may not be quite as strong as it has been in the past.

But our principles are the same, and we will vigorously strive to recover as much as is reasonable and possible.

NONMAJOR REFINER AUDITS

Senator McClure. According to your justification you conducted some 80 nonmajor refiner audits during fiscal year 1981; you had 452 full-time equivalent positions to conduct those audits. In fiscal year 1982 you indicate you will conduct some 380 audits with just 108 full-time equivalents. Can you explain how you are going to do four times as much with one-fourth as many?

Mr. Hanzlik. I am not sure where the last numbers come from. You said 380 audits in fiscal year 1983?

Senator McClure. Three hundred and eighty audits for 1982.

Mr. Hanzlik. Most of the audit work has been completed or has been worked on in the last 8 years of the program. During this year the work is essentially to complete and finalize audit files, and so therefore we can accomplish more audits with fewer people as we reach the point of completion of these cases. The real audit work was done several years ago, and this year involves cleaning it up and finalizing it; therefore we can spread our audit resources broader than we could otherwise.

Senator McCLURE. Well, my figures came from page 92 of the justification, which shows that you started 1981 with 460, and ended the year with 380. Also in the same table you show the full-time equivalents in personnel, which incidentally also indicates that in 1983 you will have neither audits nor personnel.

Mr. HANZLIK. The best way to answer this is to say that the 380 audits pending in fiscal year 1982 are also included in the 460 pending in fiscal year 1981. Work on the 380 audits was initiated in fiscal year 1981, and we anticipate that we will have all of our audits completed by the end of this fiscal year, with the exception of those in which we have subpena difficulties.

Senator McCLURE. Would you for the record outline the audit work that was being done? I would like a little more full explanation of the audit work done during 1981 and 1982. Although the reduction in the number of audits pending is not that great, to decline from 460 to 380 in number of audits and the decline in personnel from 452 to 108 seems to me to demand some kind of explanation for the record, if you would do so.

Mr. HANZLIK. The explanation is that the audit work is substantially less in fiscal year 1982 because it is comprised of completing the final phases of a lot of audits which takes a lot less time.

But I will give you that explanation, sir.

[The information follows:]

FISCAL YEAR 1981 AND FISCAL YEAR 1982 AUDIT WORKLOAD

The Department has been reflecting the total number of pending audits, as a reflection of field audit workload, for purposes of budgetary presentations to the Congress. We have generally counted an audit as a pending audit so long as any amount of field work was performed during the applicable fiscal year. The 460 audits described for fiscal year 1981 involved a great many units of field audit work where those particular audits would be conducted throughout the entire fiscal year. The 380 units of audit work contained in the fiscal year 1982 budget represent a high percentage of audits that will be completed during this year and will, therefore, not consume an entire staff year. This is so because a large percentage of fiscal year 1981 audits were near completion at the commencement of fiscal year 1982.

FUELS CONVERSION PROGRAM

Senator McCLURE. Are you satisifed that that 108 full-time equivalents is a satisfactory level?

Mr. HANZLIK. Yes, sir. It's more than satisfactory. We have an abundance of auditors right now.

Senator McCLURE. The only reason you would anticipate not completing in 1983 would be just the procedural time that may be required, including court time, is that correct?

Mr. HANZLIK. The delay in the program primarily will be caused by either a lack of cooperation by the companies that we are enforcing, those that want to resist the effort, or simply the legal process which takes time. Our emphasis is on resolving these cases through negotiations. At present we have more than ample resources to do this and will have more than enough next year to litigate the cases we don't resolve.

Senator McClure. Turning for a moment to the fuels conversion program, you plan to terminate all aspects of the fuels conversion program at the end of fiscal year 1982. I believe that is based upon the assumption that the price differential between coal and oil will make voluntary coal conversions economically viable. Do you have any information or statistics which indicate that the voluntary conversions will in fact take place?

Mr. Hanzlik. Mr. Chairman, I would like to ask Mr. Workman to answer that question because he is the expert and can give you more detailed information.

Mr. Workman. The only statistic that I can give you this morning is with regard to orders by companies for new boilers. In 1977 and 1978, 50 percent of these boiler orders were for oil and gas units. In the last 3 calendar years, 1979 through 1981, new boiler orders are about 75 percent for coal and alternate fuel units and 25 percent for oil and gas. So you are seeing a decided trend.

Senator McClure. But that was with a mandatory conversion schedule under Federal statute. If the Federal statute is no longer there, will that trend continue?

Mr. Workman. We believe that what you are seeing now is not so much the results of the Federal statute as manufacturers, industry, looking at the real cost of oil and other fuels and making appropriate fuel choices today. With decontrolled oil and higher gas prices on the horizon, they are looking out into the future to where you are going to have a freer market.

Senator McClure. Do you believe those conversions will take place? Or is it the conviction that the market choice ought to dictate whether the conversions take place rather than any Federal policy?

Mr. Workman. We believe that the realization of the true cost of using oil has got the momentum toward conversion going today. You are seeing a considerable interest on the part of States and utilities in converting existing facilities as well as constructing new facilities to burn other than oil and gas, and we think that the marketplace in the future will see many of those conversions occurring.

Senator McClure. Even in the absence of any Federal program?

Mr. Workman. That is correct.

Senator McClure. What do you base this belief on other than the past trends, which were there under the mandate of Federal statute?

Mr. Workman. We are seeing a lot more interest today in conversion of existing facilities than we saw just a few years ago.

Senator McClure. From oil to coal or from gas to coal?

Mr. Workman. By and large it is from oil to coal in existing units, the oil fired units that are capable of converting to coal.

Senator McClure. Are they actually going ahead? Have you looked at the trends in the last 60 or 90 days?

Mr. Workman. If you look at the number of prohibition orders we had outstanding at the time the Omnibus Budget Reconciliation Act amended the Fuel Use Act, you would see that there were 53 outstanding proposed prohibition orders where we anticipated that conversions would proceed. Of those 53, we have had 25 come in and request that we continue the prohibition order process either under the Fuel Use Act or its predecessor ESECA, or come in with their certification of the technical and financial feasibility under the OBRA amendment to the Fuel Use Act.

So you are seeing at least half continue to proceed toward conversion, and we have every reason to believe that they are proceeding toward conversion, without benefit of the Fuel Use Act prohibition order.

We are looking very closely also at what is going on in the Congress today in consideration of amendments to the Clean Air Act. Certain changes in the Clean Air Act could give truly voluntary conversions the same access to preferential treatment that ordered conversions under the Department of Energy's Fuel Use Act program have today, thereby obviating the need for Federal prohibition orders.

Senator McClure. There are some who are speculating that the recent reductions in oil prices are going to slow that trend.

Mr. Workman. Well, we think what you are seeing today is temporary in nature to an extent. I think that we are going to continue to see, when you look at the relative cost of oil and domestic coal, the incentive to shift toward domestic coal for security of supply as well as price reasons.

Senator McClure. Could you provide for the record your own estimate of the costs and the cost differential between coal and oil, the full cost?

Mr. Workman. Yes, sir.

Senator McClure. If you would do that, please, because there are widely varying estimates.

Mr. Workman. You are talking about the estimate of the cost today?

Senator McClure. Yes; fuel and plant cost.

Mr. Workman. The full cost of converting and operating on coal versus operating a plant on fuel oil?

Senator McClure. Yes.

Mr. Workman. Capital as well as operating cost?

Senator McClure. Yes.

Mr. Workman. Yes, sir.

Senator McClure. Thank you.

[The information follows:]

Cost Differential Between Burning Coal and Oil

DOE has performed studies which document the substantial economic advantages of coal over oil. In comparing the costs (in 1980 dollars) of burning oil or converting to coal, DOE found the annualized capital cost of conversion of 0.4 to 1.7 cents/kWh (a function of the technical difficulty of the particular conversion and whether sulfur dioxide "scrubbers" are required) was more than offset by the fuel cost savings—2 cents/kWh for the coal plant v. 4.6 cents/kWh for the oil plant—even taking into consideration higher operation and maintenance costs of 0.2 to 0.5 cents/kWh for the coal plant v. less than 0.1 cent/kWh for the oil plant. The total annualized cost was 2.6 to 4.3 cents/kWh for coal as opposed to 4.7 cents/kWh for oil.

FUELS CONVERSION PROGRAM STAFFING

Senator McClure. During fiscal year 1982 you estimate you will process a total of 93 utility conversion orders, 35 to 40 Fuel Use Act facility exemption petitions, and 400 utility conservation plans. How many full-time equivalents will be necessary to perform these activities?

Mr. Hanzlik. We have on board right now 55 full-time equivalents, which are adequate to process this ongoing work. The only exception, Mr. Chairman, is the conservation plans, which will come in en-masse later in the year, and there is a relatively short period of time to review them. At that point of increased workload, we will supplement our existing personnel.

Senator McClure. Well, will that be by additional hires or by transfers?

Mr. Hanzlik. No; we will have personnel detailed for a short period of time to review these plans. It is not the type of ongoing workload that justifies maintaining a large staff for the year. We can staff up for it.

Senator McClure. Do you have an estimate of how many you will have to get to do that and for how long?

Mr. Hanzlik. Maybe Mr. Workman can give you that number.

Mr. Workman. I estimate that we will probably require approximately 20 people to do that, but it will be for not more than 120 days. The Omnibus Budget Reconciliation Act requires that we process these plans within 120 days from the time they are submitted. They all must be submitted by August 13 by statute. We may get some of these before then, we could be well on the way toward processing the 400 that we expect to get by the end of this fiscal year.

Senator McClure. So it will span the end of the fiscal year?

Mr. Workman. It could. I don't know for sure.

Senator McClure. Are you telling me it will likely be all done in fiscal 1982?

Mr. Workman. That is possible, but I would suspect that there might be some continued effort required in fiscal year 1983.

Senator McClure. But the major effort will be in fiscal 1982?

Mr. Workman. I believe that that is correct. As the plans come in, that's when we will have the concerted effort.

Senator McClure. How does this workload and work force compare to previous fiscal years?

Mr. Workman. Actually, if you look at the workload this fiscal year, if you look at the budget you have before you, it talks about 93 prohibition orders and 35 to 40 exemptions and 400 conservation plans. Looking at the prohibition order workload, we have outstanding cases on only 25 powerplants as opposed to 93 that were projected in the budget. We have had fewer elections of continued processing under the Fuel Use Act and ESECA, and fewer OBRA certifications than we had estimated initiatlly.

We have also, in the exemptions area, received only seven exemption petitions this fiscal year. It is very likely, in my estimation, that we will not receive the 35 to 40 that are projected in that budget document; we will be closer to half that number. I think our workload certainly is less than what it has been in prior fiscal years.

Senator McCLURE. To what do you attribute the fact that you are getting fewer in both categories?

Mr. WORKMAN. I think some of it, as I indicated earlier, is that decided trend that we are seeing, as far as the exemption petitions are concerned, of industry toward coal fired boilers.

Senator McCLURE. Are they doing it voluntarily?

Mr. WORKMAN. They are doing it voluntarily, so they don't need exemptions to the Fuel Use Act. Some of it may be a result of the economic downturn as well, but the percentage of coal boiler orders versus oil and gas orders is not so much a function of whether there is an economic downturn.

Senator McCLURE. In your opinion does the work force now on hand and anticipated throughout the fiscal year comply with the work force requirements stipulated in the fiscal year 1982 Interior Appropriations Act?

Mr. WORKMAN. Yes, sir. I think we have more than sufficient resources at this time allotted to the program to accomplish the work at hand.

Mr. HANZLIK. Mr. Chairman, I would like to make one other comment on that. The language in your report, as I recall, stated that the staffing level be kept at its existing level. And I believe the number at that time was 66 personnel. We are at 55 today. Immediately upon my coming into the agency we conducted a very intense management review of the program to determine what our proper staffing level should be, and the analysis was that the program could be run with 47 full-time people. We have not gone down that low; we have kept it at 55, which, with good production and good management, is more than adequate to handle the program. Therefore we feel that we are consistent with the Congress' intention.

Senator McCLURE. Congress specified. They didn't specify an intention; they specified a number.

Mr. HANZLIK. Yes, sir, Mr. Chairman. But we found inefficiencies in the way that office was being run.

Senator McCLURE. Well, conceding all of that may be true, isn't the appropriate way to vary from a mandate is to ask for some relief from the mandate? You haven't done that yet.

Mr. HANZLIK. No, sir.

Senator McCLURE. You have asked for no rescissions or deferrals, is that not correct?

Mr. HANZLIK. Well, we are talking here about a 5-to-10 employee difference, which we lost through attrition, from the staffing level at the beginning of the fiscal year.

Senator McCLURE. Well, I understand all of that, and yet you are operating under a statute that suggests a specific number. That doesn't permit you to say, well, attrition has changed that, unless you come back to Congress and ask for a change.

Mr. HANZLIK. As you know, we are allocated within the agency a certain number of FTE's by the Department.

Senator MCCLURE. I understand that. Then what you are telling me is that the Department is requiring you to violate the intent of Congress, which I don't think you want to say. I hope you don't want to say that.

Mr. HANZLIK. Actually I am going above the numbers that I was told that I should have.

Senator MCCLURE. Well, you are told by two different levels, one by the Congress and the other by OMB. I know how that can put you in a bind, but I think if, as a matter of fact, you are not going to comply with the intent of Congress because the Department requires you to violate it, then the Department has the duty to either ask you or permit you to come up and ask for a change. The Department has the duty to ask for a rescission or a deferral. The Congress will listen to the evidence and make a decision as to whether to grant it. But right now you are under certain congressionally imposed mandate. I don't understand how you assume that you can vary from that simply because your judgment is different than ours. As a matter of fact, I know your own judgment doesn't vary much from what the Congress has suggested. The judgment variation comes from different levels than your shop. Maybe we will have to get the people in that have asked you to violate the wishes of Congress and ask them upon what basis they are doing that.

Mr. HANZLIK. Mr. Chairman, I understand what you are saying. My interpretation perhaps is just a bit broader. I feel the legal obligation is to run that program as effectively and efficiently as the Congress stated, and if I can in the process effect some efficiencies in costs and still get better results than before, then as a public servant I am performing my job.

Senator MCCLURE. Not if it violates the provisions or intent of the statute. You know, Congress has the right to be wrong, and in exercising the authority up here we oftentimes are wrong.

Mr. HANZLIK. It is my understanding, Mr. Chairman, that the statutory language does not specify the exact level of staff, although the conference report does indicate that.

Senator MCCLURE. Let me read to you what the statement on the part of the managers says with respect to that provision of the law, and I will quote:

> The managers are concerned about declining staff levels in this program. The $5 million will provide for the program to be maintained at no less than current staff levels plus funds for outside contractors necessary to help in expeditiously processing new prohibition orders and such additional personnel necessary for the anticipated workload, and to permit the retention of experienced personnel whose valuable expertise is crucial to the effectiveness of this program. Congress is concerned that this expertise not be lost and that the necessary level of personnel be maintained.

It starts out by saying that we are going to maintain the current staff level. It seems to me that under those circumstances, if you can see and project and detail and demonstrate operating efficiencies that will permit you to go below those current staff levels that you are suggested by the statute, you should come before the Congress and detail exactly what it is you are going to do and ask for the change. Until then you have a provision of law that suggests you can't do that.

I don't want to force you to keep people you don't want. I don't want to force you to keep people you can't use or don't need. But I know from within your own shop you agree with the decision that was made by the Congress, and I know that you have had force level reductions mandated from OMB and down through the Department to you.

I don't mean to be hard on you, because I know where you are caught, and the record might just as well reflect that you are trying to do what OMB tells you to do. I am trying to say that the Congress also has some mandates on you, and if we have to get the people up here that made the decision to depart from what was contained in the Appropriations Act and accompanying legislative history, we will have to get them up here.

I will not belabor that point, except that I want you to detail what has been done for the record, and we will get those who made a choice, if necessary, up here to justify their actions in not following the intent of the statute.

There is a provision in the Rescission and Deferral Act for making such changes. The administration must follow that. It isn't a question of whether I agree or disagree or like or dislike either the decision made by the Congress or your operating efficiencies.

ANTICIPATED PROHIBITION ORDERS

How many of the anticipated prohibition orders will be finalized? Are there 93 of them, 53 existing and 40 new?

Mr. WORKMAN. No, sir; the 40 new was a guesstimate. The 53, that was the number of proposed prohibition orders, where we expected conversions to proceed, that we had on the books at the time the Fuel Use Act was amended by OBRA. However, to continue them as existing cases under the OBRA amendment to the Fuel Use Act, we had to get an election from the utility owners for us to continue the processing, either under the Fuel Use Act or ESECA, or they had to come in and certify the technical and economic feasibility of those conversions under OBRA.

We did not get elections and/or certifications from more than 25, so we have currently only 25 ongoing prohibition order cases on our books.

Senator MCCLURE. Doesn't that fly in the face of what you mentioned a moment ago, that we are getting increased conversions? This indicates decreased conversions.

Mr. WORKMAN. No; I don't think so. I think that many of those that had proposed orders outstanding have decided to go forward with the conversions without the assistance of the Department of the Energy.

Senator MCCLURE. All right. You have 25 pending. You have 25 in which the process is still working.

Mr. WORKMAN. That is correct, sir.

Senator MCCLURE. Are you telling me that the other 28 are going ahead with conversion?

Mr. WORKMAN. We think that many of those are. Some of those may certify to us under the OBRA amendments to the Fuel Use Act in the future. We have identified potentially an additional 40 or so candidates that could come in and certify, but that is a guess.

Senator McCLURE. Well, those are rather specific cases. We know who all of them are. They are not just guesstimates.

Mr. WORKMAN. Yes, sir. We have specific ideas of plants that may come in.

Senator McCLURE. Well, the 50 were not just specific ideas? They were specific plants?

Mr. WORKMAN. Yes, sir, that's correct.

Senator McCLURE. Could you give me a listing for the record of those which are converting, those that are still under the 25 pending orders, and the information as to what you believe will occur with respect to the remaining 28?

Mr. WORKMAN. With respect to how many of those we can complete in what timeframe? Or whether they will convert?

Senator McCLURE. Whether they will convert and why you think they will convert; whether they won't convert and why you think they won't convert.

Mr. WORKMAN. Yes, sir.

Senator McCLURE. I am not so sure that they are going to make those conversions voluntarily. Again, it is not a question of whether it is good or bad policy. I just want to know what is happening out there. You have more information on a day-to-day basis than we do, perhaps.

Mr. WORKMAN. Many of them feel that they do not need the Department of Energy's prohibition orders to effect conversions. The ones that are electing for us to continue to process prohibition orders are certifying under OBRA. They have come to us because they enjoy certain advantages of a prohibition order; it gives them access to certain regulatory advantages with respect to the Clean Air Act. Others don't need that, and that's why they have elected to go their own way.

Senator McCLURE. I would like to see that information in kind of a plant-by-plant report as to how much is going to happen.

Mr. WORKMAN. OK. Well, we can't speak, of course, with certainty, but we can certainly speak with what we understand the utility's position is as far as pursuing conversion on those plants.

Senator McCLURE. Would you include in that estimate how much coal would be burned out of those 53 on a plant-by-plant basis so we can run the totals?

Mr. WORKMAN. Yes, sir.

Senator McCLURE. How much coal would be burned and how much oil would be backed out?

Mr. WORKMAN. Yes, sir.

Senator McCLURE. Thank you.

[The information follows:]

STATUS OF PROHIBITION ORDERS

At the time the Department prepared its fiscal year 1983 budget request, it was estimated that 53 of the then 74 outstanding prohibition orders would be continued, and that, potentially, an additional 40 orders could be issued. The Omnibus Budget Reconciliation Act (OBRA) amended FUA by permitting DOE to pursue the prohibition order process only when a utility elected continued processing under FUA/ESECA or certified conversion eligibility. To date, 6 utilities have elected to have DOE continue processing 16 previously issued orders under FUA/ESECA, and 9 additional orders have been issued as a result of company certification. Utilities still express interest in converting those other powerplants that were included in our initial estimate of 53 but have to date not sought assistance from DOE. There are approximately 40 additional powerplants where we have some indication of interest in DOE assistance in the conversion process. The following tables list these powerplants and the potential oil displacement and coal use from conversion:

FUELS CONVERSION—STATUS OF PROPOSED PROHIBITION ORDERS AS OF MARCH 11, 1982

ESECA elected.—These utilities were issued prohibition orders under the Energy Supply and Environmental Coordination Act, and elected to retain them pursuant to the Powerplant and Industrial Fuel Use Act (FUA) as amended by the Omnibus Budget Reconciliation Act (OBRA).

Utility and station	Unit	Potential coal use (tons/year)	Potential oil displacement (barrels/day)
Delmarva Power, Edgemoor	1–4	1,002,000	11,100
VEPCO:			
Chesterfield	4, 6	4,377,000	24,700
Portsmouth	4	610,000	6,700
Northeast Utilities, Mount Tom	1	346,000	3,800
Subtotal	8	6,335,000	46,300

FUA elected.—These utilities were issued proposed prohibition orders under the provisions of FUA, and elected to retain them pursuant to FUA as amended by OBRA.

Utility and station	Unit	Potential coal use (tons/year)	Potential oil displacement (barrels/day)
Baltimore Gas and Electric, Brandon Shores	1, 2	2,400,000	27,000
Public Service of New Hampshire, Schiller	4–6	432,000	4,800
VEPCO, Possum Point	3, 4	899,000	9,800
Atlantic City Electric, Deepwater	8	185,000	1,900
Subtotal	8	3,916,000	43,500

FUA certified.—These utilities, under the provisions of FUA as amended by OBRA, certified conversion capability and requested that DOE issue proposed prohibition orders.

Utility and station	Unit	Potential coal use (tons/year)	Potential oil displacement (barrels/day)
New England Power, Salem Harbor	1–3	812,000	8,900
Consolidated Edison:			
Arthur Kill	20, 30	1,600,000	17,800
Ravenswood	30N, 30S	1,900,000	21,100
Montaup Electric, Somerset	7, 8	486,000	5,400
Subtotal	9	4,798,000	53,200
Total	25	15,049,000	143,000

FUELS CONVERSION—LAPSED ORDERS TO POTENTIAL CONVERTERS

These utilities were issued prohibition orders under the provisions of ESECA and FUA. When FUA was amended, the utilities had the option of (1) electing to retain these orders under the provisions of FUA or ESECA; or (2) allowing their orders to lapse. The period for such election has passed, so these orders have lapsed. These utilities have indicated continued interest in converting their powerplants to coal operation, but DOE may or may not be requested to assist in the conversion process.

Utility and station	Unit	Potential coal use (tons/year)	Potential oil displacement (barrels/day)
ESECA:			
Baltimore Gas and Electric, Crane	1, 2	3,020,000	1,200
Central Hudson Lighting, Danskammer	3, 4	987,000	10,800
Niagara Mohawk, Albany	1–4	1,022,000	10,600
Philadelphia Electric, Cromby	2	588,000	6,400
VEPCO, Chesterfield	3	80,000	3,200
Long Island Lighting, Port Jefferson	3, 4	960,000	10,600
Subtotal	12	6,657,000	42,800
FUA:			
Tampa Electric, Gannon	1–4	1,088,000	8,000
Savannah Electric, Effingham	1	420,000	3,100
Commonwealth Edison, Collins	4, 5	1,776,000	13,000
General Public Utilities, Sayreville	4, 5	306,000	6,100
Public Service Electric and Gas:			
Bergen	1	830,000	9,300
Burlington	7	498,000	5,500
Long Island Lighting, Barrett	1, 2	958,000	10,600
Orange and Rockland, Lovett	4, 5	369,000	7,700
United Illuminating, Bridgeport Harbor	3	1,022,000	11,200
Subtotal	16	7,267,000	74,500
Total	28	13,924,000	117,300

FUELS CONVERSION—POTENTIAL CONVERSION ORDER CANDIDATES

These powerplants have never received prohibition orders, but the utilities have indicated interest in conversion and receiving assistance from DOE.

Utility and station	Unit	Potential coal use (tons/year)	Potential oil displacement (barrels/day)
Northeast Utilities:			
West Springfield	1–3	551,000	5,900
Norwalk Harbor	1, 2	416,000	9,000
Devon	7, 8	532,000	5,800
Narragansett Electric, South Street	12	158,000	1,700
Boston Edison:			
Mystic	4–6	1,197,000	13,100
New Boston	1	936,000	10,400
Sierra Pacific, Fort Churchill	1, 2	558,000	6,200
South Carolina Electric and Gas, Williams	1	1,610,000	17,900
Florida Power and Light:			
Cape Canaveral	1, 2	2,025,000	22,500
Fort Meyers	2	1,017,000	11,300
Port Everglades	1–4	3,160,000	35,100
Riviera	3, 4	2,025,000	22,500
Turkey Point	1, 2	2,025,000	22,500
Sanford	4, 5	2,196,000	24,400
Manatee	1, 2	4,350,000	48,300
Martin	1, 2	4,350,000	48,300
Florida Power Corp.:			
Bartow	1–3	1,250,000	13,900
Anclote	1, 2	2,790,000	31,000
Jacksonville Electric, Northside	1, 2	1,500,000	16,700
City of Tallahassee, Hopkins	1, 2	783,000	8,700
City of Gainesville, Deerhaven	1	207,000	2,300
City of Lakeland, McIntosh	1, 2	576,000	6,400
Total	44	34,212,000	383,900

CAPITALIZATION REQUIREMENTS OF CONVERSION

Senator McCLURE. As I mentioned at last year's hearing, the capitalization requirements to perform nonmandatory conversions even when the economics are good may keep many utilities from ever converting to coal. That has not bettered over the last year, in my judgment, as it looks to me like they have even more severe capital constraints today than they had a year ago, with one possible exception—prime rates have declined by 20 percent since we met last year.

Has your agency reviewed tax and other methods to solve the problem? You had indicated last year that taxing policy is one of the many ways that the problem could be addressed. We would like to take a look to see whether or not this is a constraint on conversion, and if so, whether tax policy is keeping pace with that demand and your evaluation of where tax policy is and what tax changes might be indicated, if that is indeed a problem.

Could you comment on that now, or would you prefer to do it for the record?

Mr. HANZLIK. I think I would prefer to do it for the record, unless Mr. Workman wants to comment on that.

Mr. WORKMAN. All I might say is is that this office has not been directly responsible—we've been involved, but we have not been taking the lead looking at the financial problems facing the utility industry and the capital problems of building new plants, whether they be coal or oil or whatever. The policy office of the Department of Energy has been looking into various kinds of incentives, tax, and the like.

Senator McCLURE. But you have not been reviewing tax and other methods to solve the capitalization problem?

Mr. WORKMAN. The Economic Regulatory Administration has not, no, sir.

Senator McCLURE. Would you provide for the record what information you can get for us with respect to what has been done and what the evaluation is?

Mr. HANZLIK. Yes, sir.

[The information follows:]

UTILITY CAPITAL FORMATION

The tax reforms included in the Economic Recovery Act of 1981 should make it easier for the electric utility industry to pursue needed capital improvements, including fuel conversions, plant upgradings, and new capacity.

The potential of tax reforms is constrained, however, by the limited tax liability of the industry. A more effective remedy to the utility capital formation problem might be sought through measures that are directly influencing investors and lenders. The recognition in rate regulation of the need for both timely decisions and a realized return of equity investment comparable to other opportunities of similar risk are examples.

A solution is not primarily under Federal jurisdiction since only 10 percent of electric utility revenues are regulated at the Federal level. Most of the regulation of this industry occurs at the State level.

The interstate character of bulk power points up a need to reconcile national and regional economic interests with State interests. There are a number of policy options under consideration, ranging from regulatory guidelines, cooperatively developed by the States, to deregulation of the generation part of the utility business.

The Department's Office of Policy, Planning, and Analysis is studying options in an effort to develop a national policy on electric power. This work is being pursued in close consultation with the States. We expect to have specific policy recommendations for the President later this year.

CONTRACTING OUT PREPARATION OF EIS

Senator McCLURE. Under the petroleum operations activity you plan to contract out the preparation of environmental impact statements and economic analyses. For the record, would you please provide the number of contracts used or anticipated for fiscal years 1982 and for 1983 and indicate specifically what they will be for and how much each will cost.

Mr. HANZLIK. Yes, sir.

[The information follows:]

PETROLEUM OPERATIONS CONTRACTS

The table below provides the number of contracts used or anticipated for fiscal years 1982 and 1983:

Fiscal year 1982 contract funds	
Unified Industries, Inc	$248,000
Three separate activities involving: first purchasers computer data input to track domestic crude oil production; tertiary enhanced oil recovery data input; and computer analyses of entitlements data.	
Analytical history of entitlements program	62,000
Interagency transfer to Customs Bureau for input oil import data	140,000
Development of computer program to retrieve tertiary enhanced oil recovery data	50,000
Fiscal year 1983 contract funds	
Natural gas imports	$250,000
Two environmental impact statements and associated economic analysis for new pipeline and LNG import projects (estimate).	
Domestic crude oil production	50,000
Continued analytical support in the monitoring of domestic crude oil as reported by approximately 300 "first purchasers" on a monthly basis.	

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. I will have some other questions to submit for the record. If you would respond in writing to those questions, I would appreciate it.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Compliance Settlements

Question: How much money in terms of gross violations and in terms of actual funds received from the major refiners is represented in the negotiated settlements anticipated during fiscal year 1982? Assuming these cases still continue into fiscal year 1983, how much of each will still remain?

Answer: ERA is currently negotiating settlements with virtually all of the major refiners against whom there remain pending enforcement actions. In "gross" violation terms, the total outstanding amount contained in outstanding enforcement actions is approximately $9 billion. While it is anticipated that a large number of pending settlement discussions will result in consent agreements, it is not possible at this juncture to predict the individual companies with whom settlement will actually be made. In addition, it is impossible to know at this time whether such settlements as will be made during the remainder of this fiscal year will cover all outstanding enforcement cases pending against those companies. Accordingly, it is not possible to provide a reliable estimate of the total violations that will remain outstanding at the commencement of FY 1983.

Subpart V Petitions

Question: Also, last year, both Offices were petitioning the Office of Hearings and Appeals under Subpart V of its regulations for implementation of special refund procedures in most all cases where funds were designated for escrow. What was the outcome of that petition? Please elaborate.

Answer: To date, a total of 97 consent orders subject to Subpart V petitions are pending before the Office of Hearings and Appeals and are being processed by them. The total dollar amount involved in these pending Subpart V proceedings is $192 million.

Fuels Conversion

Question: Similarly, how much coal would be burned and oil backed out if the 35-40 FUA exemption petitions are granted and conversion is undertaken?

Answer: The estimate of 35-40 FUA exemption petitions is related to the construction of new petroleum or natural gas fired facilities rather than the conversion of existing facilities to coal. The grant of exemptions as provided for by statute will result in oil or gas being consumed as opposed to coal.

Question: Last year you testified that one Federal facility--the boiler at the Argonne National Laboratory--had undergone conversion and that nine other conversion orders had been issued for other Federal facilities. What is the current status of each of these nine conversion orders and how many other Federal facilities do you anticipate will undergo conversion in the foreseeable future?

Answer: The nine proposed orders were issued to three units at DOD's Naval Ordnance Station, Indian Head, Maryland; four units at DOD's Griffiss Air Force Base, Rome, New York; and two units at GSA's West Heating Plant in Washington, D. C. Coal firing was initiated in the Indian Head units in November of 1981. The units at Griffiss Air Force Base are being replaced with new coal fired facilities ($56 million requested in DOD's FY

1983 budget). GSA is considering requesting funds in FY 1984-1985 to convert the West Heating Plant. DOD has requested approximately $450 million in FY 1983 for the conversion of boilers. These DOD funds, if appropriated, would permit the conversion of facilities at seven additional bases.

Petroleum Operations

Question: Under the Petroleum Operations activity, you plan to use $300,000 to contract for preparation of environmental impact statements and economic analyses. Why must these activities be contracted for rather than done in-house?

Answer: We anticipate spending $250,000 of the $300,000 for such analyses. Technical expertise beyond that of the Petroleum Operations staff will be required to perform analyses for environmental impact statements and economic evaluations. It is far less costly to contract for these activities than to hire full-time personnel whose skills would not be required on a continued basis.

Question: For fiscal year 1983, your justification indicates you plan to analyze and review no enhanced oil recovery project and producer reports and no entitlement program refiner reports, and you will not respond to inquiries, correspondence, and Freedom of Information requests concerning regulation of petroleum products. While I understand the entitlement program no longer exists, there nevertheless was data in those reports which many feel was necessary. Likewise, even though petroleum is no longer regulated, there must still be any number of inquiries and requests for information. Why are these programs zeroed for 1983? Is the useable data previously in these reports found elsewhere and is it still being used by your office?

Answer: By the end of FY 1982, we plan to have processed the majority of the enhanced oil recovery reports and to have logged them on the computer system for easy access. We expect to complete all entitlements work by the end of FY 1982 and will complete an analytical history of the entitlements program for use in responding to correspondence and Freedom of Information requests. We are receiving very few inquiries and Freedom of Information requests, and any that might be received in FY 1983 could be answered by staff primarily engaged in oil imports activity, many of whom have experience and knowledge in the area. Since we expect to spend less than one staff year collectively on these activities in FY 1983, we did not show a separate line item.

In answer to the second part of the question, the data will be available in accessible computer form and is currently being used by ERA.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Fuels Conversion Resource Requirements

Question: Please submit a copy of ERA's study of the Fuels Conversion program's resource requirements for the Committee files and summarize for the record the Administrator's recommendations for funding and staff levels.

Answer: The resource requirements review which was conducted last December and early January was in the form of briefing tables and charts and not a single concise report. These are being supplied for the Committee's files as requested.

The Administrator of ERA recommended a level of 65 FTE's, noting that the review exercise resulted in a determination that the optimal personnel level for the Fuels Conversion program was approximately 40 FTE's based on a proper skills mix of qualified personnel. Subsequent to the review exercise and this recommendation, the workload in both the exemptions and prohibition order areas has failed to materialize as was assumed. Consequently, the Administrator and the managers of the program are in agreement that the current staffing level is more than adequate to conduct the program. The study concluded that the current funding level for the program was adequate.

MANAGEMENT REVIEW OF ERA

NON-ENFORCEMENT PROGRAMS

DECEMBER 21, 1981

PRIORITY ACTIVITIES*

(those functions where resources should be allocated on a priority basis)

(other functions should be staffed and funded for absolute minimal compliance with law)

Fuels Conversion

- o Expeditious processing of prohibition orders to existing powerplants where utilities, pursuant to OBRA, certify feasibility of conversion or where utilities elect FUA/ESECA.
- o Timely processing of utility and industry petitions for exemptions to FUA oil/gas use prohibitions.
- o Review and approval, within statutory timeframe of 120 days, utility natural gas conservation plans.

Natural Gas Imports

- o Timely processing of licenses for gas imports (and exports).
- o Analysis support for Administration policy on Canadian and Mexican natural gas imports.

Oil Programs

- o Processing of crude oil and product import licenses, and maintenance of data base on decrementing against volume authorizations.
- o Finalizing Entitlements activity (close-out list, cleanup notice)

---

*See Attachment 1 for more detail.

FY 1982 STAFF RESOURCES

	Current Staff Commitment[1]	Requirements Estimate by Program Managers	Task Force Recommendation[2]	FTE's Required[3]
Fuels Conversion (incl. PURPA)				
o Prohibition Orders	39	67.5[4]	52[5]	
- Existing Cases[16]	(35)	(26)	(20)	
- New Cases[17]	(4)	(41.5)	(32)	
o Exemptions	11	9.5	9	
o Conservation Plans	3	9[6]	2[7]	
o PURPA	6	5	2[7]	
	59	91	65	63
Gas Imports/Exports				
o Import/Export Licenses	14	17	16	
o Emergency Functions	0	4	0[8]	
o Other (Order 30, Dockets and Service Lists, FOI, FERC Coordination, NGPA Rules/Policy, Etc.)	6	7	1[9]	
	20	28	17	18[10]
Oil Programs				
o MOIP	16	15[11]	10[12]	
o Entitlements Close-out	6	5	4	
o Tertiary, 1st Purchase	4	4	2	
o Other	5	4	0[13]	
	31	28	16	23[10]
Executive Direction[14]	5	3	3	4
TOTALS	115	150	101	108
Current FTE's (annualized)				-44[15]
Additional FTE's Required (annualized)				64

Footnotes

1. The "current staff commitment" shows actual dedication of resources to programmatic activity. In the case of the Gas Imports/Exports and Oil Programs areas, it includes several staff either detailed or temporary.

2. The "task force recommendation" represents numbers of personnel that should be carried through the balance of the fiscal year.

3. "FTE's required" were computed by integrating FTE's "costed to date" and the projected requirement for FTE's through the balance of the fiscal year, with appropriate assumptions regarding attrition in the various areas.

4. The program manager's estimate of required resources for prohibition order processing was based on 3.25 staff years per case plus additional staff for Northeast and Florida regional EIS's.

5. The task force recommendation for prohibition order processing was based on 2.5 staff years per case for all existing cases and one-third of the estimated new case load, and on 2.0 staff years per case for 13 potential new cases for the state of Florida. It was felt that some staff savings would result from the ability to address several cases simultaneously in meetings with Florida state officials and utilities. Additonal staff were also included for the regional EIS's.

6. The program manager estimates the need for detail of 48 staff from outside the Fuels Conversion program for a period of about 120 days to process

"gas conservation plans" in order to accomplish the job with a staff of nine. The detailed staff will have to comprise public utility specialists, conservation specialists, financial analysts, and case managers with utility program experience.

7. The task force recommendation of two staff for "gas conservation plans" processing and two staff for "PURPA" activities assumes that the combined commitment of four is focused primarily on PURPA functions through June 30 and on conservation plans for the balance of the fiscal year. It also assumes that there will be some temporary detailing from the prohibition order activities during the close of the fiscal year, primarily from "existing" prohibition order activities as they are finalized.

8. It was felt that all natural gas "emergency functions" were re-delegated to EP.

9. To the extent that ERA should pursue these "other" natural gas functions, for the most part they can be performed by the same staff dedicated to licensing activity.

10. FTE's for "Gas Imports/Exports" and "Oil Programs" are based on official current on-board staff, excluding details and temporary personnel mentioned in Footnote 1.

11. The program manager estimates that an additional 5 staff, for a total of 20, would be required if an oil import fee were instituted.

12. The task force agrees that a total of 19 staff is reasonable for MOIP if a fee were to be imposed on oil imports (17 direct staff and 2 management support positions).

13. Defense Production Act functions included in this category were re-delegated to EP. It was felt that the other activities (FOI requests, litigation support, correspondence management, etc.) could be carried out ancillary to other functions by an Oil Programs staff of 16.

14. "Executive Direction" includes management and support at the Office level only. All other management and support positions are imbedded in programmatic functions.

15. The 44 FTE's are allocated to the Gas Imports/Exports and Oil Programs areas. No FTE's are currently allotted to Fuels Conversion or PURPA activity.

16. See Attachment 2 for completion schedule of existing cases.

17. See Attachment 3 for prospective new cases.

FY 1982 CONTRACT RESOURCES

Fuels Conversion

- Assuming 63 FTE's to support and a $4.8 million total appropriation in FY 82, about $1.7 million of additional obligationary authority will be available. It is estimated that $1.5 million is adequate for prohibition order processing, since ongoing contracts permit an additional tasking of almost $10.0 million. The additional $200,000 can be used to cover the Executive Direction personnel costs.
- No contract support is planned for exemptions and conservation plans processing.
- Site specific EIS's under OBRA will be prepared at utilities' expense.

Gas Imports/Exports

- No significant contracting support.

Oil Programs

- Assuming 41 FTE's in both this and the Gas Imports/Exports area to support and a $2.6 million appropriation, about $500,000 will be available for contracts.

- $247,000 is being "committed" to a support service contract with Unified Industries. $90,000 of this will support the Tertiary Program. The balance will support First Purchaser analysis. In effect this is continuing to buy 11 to 12 additional staff for the balance of the fiscal year.
- The balance of the $500,000 should be held in reserve for transfer to EIA for DSR 82-38 (computer hardware; estimated at $185,000).

TRANSITION RECOMMENDATIONS

- Examine the qualifications of the Oil Programs staff to identify which might be re-deployed to the Fuels Conversion area.
- Attrition will probably more than manage the 12% reduction in staff recommended (note again that many of the current staff are not officially on the rolls).
- The FTE problem requires affirmative action. 64 additional FTE's are necessary to carry out mandated and other programs to which the Administration is committed.
- The only organizational recommendation is to modify the recently proposed Fuels Conversion Division to establish "case management" and "analysis" branches in lieu of the "prohibition order" and "exemption and plans" branches. Paperwork to effect this change is being put in channels.

PROBLEMS/ISSUES

- The recommendations on staff resource requirements assume experienced and qualified personnel are fully applied to the various functions. In reality, the past RIF and low morale has resulted in "less than optimum" resources expending "less than 100%" of its collective capability.
- We are approximately at critical mass for many of the programs. Further attrition, especially of the most qualified people as is occurring, will render them bankrupt. If we do not reverse this trend, we will not be able to repair the damage and accomplish priority objectives and statutory mandates.
- If an oil import fee is imposed, an additional 9 personnel above recommendation will be required in the Oil Programs. The possibility of this argues for retention of personnel with the requisite petroleum expertise.
- Processing of utility gas conservation plans will require detail of approximately 40 staff from outside the non-enforcement programs area. This requirement will come at the close of the current fiscal year and extend 3 to 4 months into FY 1983. This staff will have to possess a mix of utility, conservation and financial analysis expertise. If additional contract funds are feasible (approximately $2.0 million), DOE might explore this option.
- It is important that activities outside ERA (especially OGC) are sufficiently staffed to provide continued support for the programs.
- The level of effort recommended for PURPA activity presumes that OGC concurs in rescission of the PURPA regulations, and that we can effectively close out some of the more staff intensive activities by mid-summer.

Attachment 1

FUELS CONVERSION PROGRAM

Priority Activities:

(M) Process utility and industry petitions for exemptions to prohibitions on use of oil or gas in new facilities -- FUA, ORBA.

(M) Process orders prohibiting use of oil (or gas) in existing utility powerplants upon certification by utility that conversion to coal (or coal-oil mixture) is technically and financially feasible -- FUA, ESECA, OBRA.

(M) Review and approve gas conservation plans of utilities (10% reduction in 5 years) -- OBRA.

Other Functions:

(D) Prohibit use of oil or gas in existing MFBI's under certain circumstances -- FUA.

(M) Process permits for increasing use of oil in certain existing utility powerplants that used other fuel in 1977 -- FUA.

(M) Other Federal agencies compliance with FUA -- FUA.

(D) Prohibit use of gas in certain boilers for space heating -- FUA.

(M) Prohibit use of gas for certain outdoor decorative lighting and process exemptions. Gas distributors must report gas so consumed and cost -- FUA.

(M) Collect gas use data from electric utilities for support of FUA emergency functions -- FUA.

(M) Annually report to Congress on FUA activities -- FUA.

NATURAL GAS IMPORT/EXPORT PROGRAM

Priority Activities:

(M) Perform analyses and process licenses for gas imports (and exports) -- NGA.

Other Functions:

(M) Establish and review curtailment priorities for interstate gas pipelines -- NGPA, DOEOA.

(M) Consider and recommend to FERC on construction and operation of gas facilities at border crossings -- E.O. 10485.

(M) Certify to FERC for interstate transportation rulings that use of gas by utility powerplants will displace fuel oil -- Order 30.

(D) Propose rules, regulations and policy for FERC consideration; intervene in FERC proceedings -- DOEOA.

OIL IMPORT PROGRAM

Priority Activity:

(M) License crude oil and petroleum product imports. Maintain data system on decrements against authorized volumes (thru Customs) -- Trade Expansion Act, Presidential Proclamation 3279.

OIL PROGRAM RESIDUAL FUNCTIONS

Priority Activities:

(M) Maintain data base for and finalize Entitlements Program January 1981 close-out list and Cleanup Notice to settle accounts outstanding -- EPAA as amended by E.O. 12287.

Other Functions:

(M) Receive annual reports from Tertiary producers on prepaid expenses until actual use of equipment for which expenses were incurred are paid -- ECPA.

(D) Entitlements post-cleanup.

(D) Collect "First Purchases" data for domestic production of crude (volumes, prices, geographic distribution, etc.); in support of EIA monthly oil reports, IRS Windfall Profits Tax cross-check, USGS royalties, BLS COL indices, etc. -- ESECA, FEA Act; general authority to collect such information

UTILITY PROGRAM

Priority Activities: None.

Other Functions:

(D) Grants to State utility commissions for retail electric rate design improvements and compliance with PURPA, and to State consumer services offices for representation in utility proceedings -- PURPA.

(D) Issue guidelines on retail electric ratemaking and reform standards -- PURPA.

(M) Annually report to Congress summarizing progress by states and nonregulated electric and gas utilities in their consideration of PURPA standards -- PURPA.

(M) Annually publish lists of electric and gas utilities covered by PURPA.

Attachment 2

ANTICIPATED COMPLETION OF EXISTING PROHIBITION ORDER CASES

The following plants have been issued FUA proposed Prohibition Orders 1/

	OWNER/OPERATOR	STATION	UNIT	EXPECTED TO CONVERT	DEIS	FEIS	ORDER
1.	Consolidated Edison Co	Arthur Kill	20	Yes	2/82	7/82	8/82
2.		Arthur Kill	30	Yes			
3.		Ravenswood	30N&30S	Yes			
4.	United Illuminating Co	Bridgeport Harbor	3	Yes	2/82	7/82	8/82
5.	Tampa Electric Co	Gannon	1	Yes	6/82	11/82	12/82
6.		Gannon	2	Yes			
7.		Gannon	3	Yes	9/82	'83	'83
8.		Gannon	4	Yes			
9.	Savannah Electric & Power	Effingham	1	Yes	9/82	'83	'83
10.	Commonwealth Edison Co	Collins	4	Yes	6/82	11/82	12/82
11.		Collins	5	Yes			

BEST COPY AVAILABLE

	OWNER/OPERATOR	STATION	UNIT	EXPECTED TO CONVERT	DEIS	FEIS	Order	
12.	Baltimore Gas & Electric	Brandon Shores	1	Yes				
13.		Brandon Shores	2	Yes	4/82	9/82	10/82	
14.	New England Gas & Electric	Canal	1	No				
15.	New England Electric System	Salem Harbor	1	Yes	1/82	7/82	8/82	3/
16.		Salem Harbor	2	Yes				3/
17.		Salem Harbor	3	Yes				3/
18.	Public Srv Co of N.H.	Schiller	4	Yes				
19.		Schiller	5	Yes	9/82	'83	'83	
20.		Schiller	6	Yes				
21.	Atlantic City Electric	Deepwater	8	Yes	2/82	7/82	8/82	3/
22.	General Public Utilities	Sayreville	4	Yes				
23.		Sayreville	5	Yes	4/82	9/82	10/82	
24.	Public Srv Electric & Gas	Bergen	1	Yes				
25.		Bergen	2	Yes	9/82	'83	'83	
26.		Burlington	7	Yes	2/82	8/82	9/82	
27.	Long Island Lighting Co.	Barrett	1	Yes	9/82	'83	'83	
28.		Barrett	2	Yes				
29.		Northport	1	No				2/
30.		Northport	2	No				2/
31.		Northport	3	No				2/
32.		Northport	4	No				2/
33.	Orange & Rockland Utilities	Lovett	4	Yes	4/82	8/82	9/82	
34.		Lovett	5	Yes				3/
35.	Virginia Electric Power Co	Possum Point	3	Yes				
36.		Possum Point	4	Yes			2/82	
37.	Tucson Electric Power Co	Irvington	1	Yes				
38.		Irvington	2	Yes	Final Order			
39.		Irvington	3	Yes	Already Issued			
40.		Irvington	4	Yes				
	FUA TOTALS		40	35 4/				5/
	Northeast Regional EIS				11/81	5/82		
	Florida Regional				12/82	6/83		

1/ If the unit never burned coal the unit may be subject to current NSPS and PSD review. Under The Clean Air Act (Section 163) it could be determined to be a non-coal capable plant, even though the design documents indicate they were designed with a coal capable "potential". An EPA administrative finding would be required on a case by case basis. Even if the unit previously burned coal, it is legally possible that a conversion would be deemed to be a major modification (and thus require NSPS and PSD review). A number of utilities have taken this position.

2/ Orders rescinded.
DCO issued/pending.
4/ 35 units at 16 stations.
5/ Estimated savings are: 218,000 barrels per day, or 80 million barrels and $1.6 billion fuel cost saving annually. The savings from the non-coal coal capable plants is 130,000 barrels per day.

ASSUMPTIONS.

1. For those stations which had previously received a FUA order, OFC will be able to assign the EIS preparation or completion to support contractors already on board, i.e. Dames and Moore, Science Applications, Inc.. Exceptions where previously assigned laboratory can finish work with remaining funds.

   Note:
   a. Contractors have manpower capabilities to do this work.

   b. Contractors have money left in effective contracts to finish work.

   c. Question exists as to whether labs have any remaining money.

   d. Lab preparation of document will add 3-6 months preparation time on DEIS and will require new funds.

2. Dates assume January 1, 1982 start date.

3. Dates given in month and year assume last day of month.

BEST COPY AVAILABLE

The following plants have been issued ESECA Prohibition Orders 1/

	OWNER/OPERATOR	STATION	UNIT	EXPECTED TO CONVERT	DEIS	FEIS	FINAL ORDER
1.	Delmarva Power & Light	Edge Moor	1	No			
2.		Edge Moor	2	No			
3.		Edge Moor	3	Yes	6/82	10/82	11/82
4.		Edge Moor	4	Yes			
5.	Georgia Power Co.	McManus	1	No			2/
6.		McManus	2	No			2/
7.	Baltimore Gas & Elect.	Crane	1	Yes	4/82		
8.		Crane	2	Yes			
9.		Riverside	4	No			
10.		Riverside	5	No			
11.		Wagner	1	No			
12.		Wagner	2	No			
13.	Northeast Utilities	Mt. Tom	1	Yes	1/82	6/82	7/82
14.	Detroit Edison	St. Clair	5	No			
15.	St. Joseph Power & Light	Lake Road	5	Yes	4/82	9/82	10/82
16.		Lake Road	6	Yes			
17.	Central Hudson Gas & Elec.	Danskammer	3	Yes	2/82	7/82	8/82
18.		Danskammer	4	Yes			
19.	Long Island Lighting Co.	Port Jefferson	3	Yes	6/82	10/82	11/82
20.		Port Jefferson	4	Yes			
21.	Niagara Mohawk Power Co.	Albany	1	Yes	2/82	7/82	8/82
22.		Albany	2	Yes			
23.		Albany	3	Yes			
24.		Albany	4	Yes			
25.	Philadelphia Elec. Co.	Cromby	2	Yes	6/82	11/82	12/82
26.	Virginia Elec. & Power	Chesterfield	3	Yes			1/82
27.		Chesterfield	4	Yes			3/
28.		Chesterfield	5	Yes			
29.		Chesterfield	6	Yes			
30.		Portsmouth	1	No			
31.		Portsmouth	2	No			
32.		Portsmouth	3	Yes			1/82
33.		Portsmouth	4	Yes			3/
	ESECA TOTALS		33	22 4/			5/

1/ If the unit previously burned coal, it is legally possible that a conversion would be deemed to be a major modification (and thus require NSPS and PSD review). A number of utilities have taken this position.

2/ Orders rescinded.

3/ DCO issued/pending.

4/ 22 boilers at 10 stations.

5/ Estimated savings are: 103,000 barrels per day, or 38 million barrels and $760 million fuel cost savings annually.

BEST COPY AVAILABLE

Attachment 3

PROSPECTIVE NEW PROHIBITION ORDER CASES

	Utility	Station
o Received		
	Sierra Pacific	o Fort Church
	Montaup	o Somerset
o Letter from Leva-Hawes		
	Boston Edison	o Mystic o New Boston
	Northeast Utilities	o West Springfield o Norwalk Harbor o Devon
o Florida Correspondence (PUC Chrmn Cresse; Sen. Chiles)		
	Florida P&L	o Cape Canaveral o Fort Meyers o Port Everglades o Riviera o Turkey Point o Sanford o Manatee o Martin
	Florida Power Corp.	o Bartow o Anclote
	Jacksonville	o Kennedy o Northside
	Tallahassee	o Hopkins
	Orlando	o Indian River*

*ERA staff considers Indian River a questionable candidate.

FUELS CONVERSION PROGRAM

FY 1982

FTE REQUIREMENTS

Annualized FTEs Required for Remainder of FY 1982	
Exemption Petitions	8
Prohibition Orders	
Cases in Process	17
New Cases	14
Gas Conservation Plans	2
Total	41*

Total FTEs Required for FY 1982	
FTE Expended October-December	16
*FTE Required January-September	31
Total	47

Full-Time Equivalent (FTE)

Resource Summary for Fuels Conversion Program

	(Annualized)
Exemption Petitions	8 FTE
Prohibition Orders:	
Cases in Process	17 FTE
New Cases	14 FTE
Gas Conservation Plans	2 FTE
	41 FTE

Exemption Petitions

A. Fuels Conversion Submission Assumptions:

- o Set forth three degrees of difficulty for the processing of an exemption petition at:
  - -- 1/26th of a staff year for a rather simple, straightforward case.
  - -- 1/4th of a staff year for an average, somewhat difficult case.
  - -- 1 staff year or more for a complex case.

- Based on a projected caseload of 35-40 cases.
- Determined the following full-time equivalent requirements:
  - 35 cases X 1/4 staff year = 9 full-time equivalents.

B. Management and Administration Assumptions:

- Based on discussions with Fuels Conversion staff: at least half of projected cases would fall within the "average" range (or 1/4 staff year); a somewhat lesser number for more simplistic cases; and also derived from historical perspective, about three complex cases.
- Based on a projected caseload of 35 cases (low side of estimate).
- Determined the following full-time equivalent requirements:

-- 14 cases	X 1/26th staff year	= 0.54 FTE
-- 18 cases	X 1/4th staff year	= 4.50 FTE
-- 3 cases	X 1 staff year	= 3.00 FTE
35 cases		8.04 FTE

C. Recommended level for Exemption Petition activity is 8 full-time equivalents.

Prohibition Orders

A. Cases already in process:

Based on Fuels Conversion data/information provided to Task Force of:

- 26 Stations (cases).
- 2 1/2 staff years (FTE) to complete a case (analysis and regular EIS).
- 26 cases are about half complete.
- Approximately one-third of cases to be completed in FY 1982.
- Average processing time for a case is 24 months.
- Fuels Conversion organization employs a matrix management approach to task accomplishment.

Analysis:

Stage 1:	26 Cases X 2 1/2 FTE	= 65 FTE
Stage 2:	Cases are half complete so over 24 month period there would be needed	= 30 FTE
Stage 3:	Complete one-third of cases during FY 1982	= 10 FTE
	Process other two-thirds of cases during FY 1982	= 3 FTE
	Analysis Net Requirement	= 13 FTE
NE Regional EIS:		= 1 FTE
Management Direction and Overhead:		= 3 FTE
	TOTAL Required for Cases In Process	+ 17 FTE

B. New Cases Projected:

Based on Fuels Conversion data/information provided to Task Force of:

- 1 new case received (Somerset).
- 1 new case due in December 1981 (letter of intent received from Sierra Pacific).
- 13 somewhat potential new cases from Florida (PSC rate relief problem).
- Therefore, one can deduce that 7 new cases *may* (one is in and another almost) come in during 2nd quarter and another 13 cases probably not before the 3nd quarter of the fiscal year.

Analysis:

1. 7 new cases to be processed which were received during second quarter of FY 1982 (which is one-forth of 24 month processing period at 2 1/2 staff years) = 4.4 FTE.

2. 13 new cases to be processed which were recieved during third quarter of FY 1982 (which is one-eighth of 24 month processing period at 2 1/2 staff years) = 4.1 FTE.

Analysis of new cases = 8.5 FTE

Regional EIS = 3.0 FTE

Management Direction & Overhead = 2.5 FTE

TOTAL Required for New Cases 14.0 FTE

Questions Submitted by Senator Walter D. Huddleston

Fuels Conversion

I am very concerned by the attitude of this Administration toward the fuels conversion program. This program is one of the few methods we have available to us for the short term displacement of foreign oil. It can help save utility ratepayers millions of dollars, and help promote the domestic coal industry -- all at a very small cost to the federal government.

Yet, you attempted to kill the program in FY 82, and again propose no funding for the program in FY 83.

I would like to focus on the FY 82 budget for just a minute.

As you know, we line itemed this program at $5 million for FY 82, and included very specific language in the conference report's statement of managers. That statement reads in part:

"The managers are concerned about declining staff levels in this program. The $5 million will provide for the program to be maintained at no less than current staff levels, plus funds for outside contractors necessary to help in expeditiously processing new prohibition orders, and such additional personnel necessary for the anticipated workload and to permit the retention of experienced personnel whose valuable expertise is crucial to the effectiveness of this program. Congress is concerned that this expertise not be lost and that the necessary level of personnel be maintained."

I don't think we could have been much plainer.

Question: What was the staffing level at the time the Interior Bill was approved? What is it now? Yet, I understand that it is going to be brought down even further. Is that correct?

Answer: It was 60 when the Bill was passed. There are 55 full-time personnel currently on the rolls. The number of staff might decrease to some minor extent through the balance of this fiscal year through attrition. We have no plans for involuntary separations (reductions in force) through this fiscal year.

Question: Didn't an internal DOE task force recommend that this program be staffed at 65? What happened? Why is the direction of Congress and the recommendation of your own task force being ignored?

Answer: Last December the Administrator of ERA, as a result of a task force review, recommended a level of 65 for the program. Since that time the workload has failed to materialize as was assumed. The Administrator and the managers of the program are in agreement that the current staffing level is more than adequate to conduct the program.

Clean Air Act Amendments

In your FY '83 budget justification, you acknowledge that utilities need prohibition orders to get regulatory relief from the Clean Air Act, yet you request no funding because the program will have completed its purpose by the end of this fiscal year.

Question: Can't we agree that it is highly doubtful that the work on the Clean Air Act is going to be completed this year? Even if it is, what assurances do you have that the final Clean Air Amendments will include a provision granting voluntary conversions the same benefits afforded mandated conversions? I should tell you, I am cosponsoring a bill to that effect, and I've yet to get any assurance that it will pass.

Answer: We see promising signs that the Congress is moving towards action on the Clean Air Act. We have been closely following activities in both the House of Representatives and the Senate, and we are hopeful that the needed changes will occur.

Question: Does the Administration support such a provision?

Answer: DOE believes that the proper way to address the obstacle to coal conversion presented by the Clean Air Act is through change to the Clean Air Act.

Prohibition Order Activity

Question: How many prohibition orders are you working on? Would you submit a list of those units for the record please?

Answer: We are working on orders for 25 units at 12 generating stations. See attached list. On March 22, we received certifications for two additional powerplants at one generating station.

Question: How many of these can be completed by the end of this fiscal year?

Answer: Work on 14 units at 8 generating stations will be completed entirely by the end of FY 82, and substantial progress will have been made on the remaining units.

Question: You also acknowledge in your justification that new applications may be submitted this year. How many do you anticipate?

Answer: Under the provisions of the Omnibus Budget Reconciliation Act, a utility must elect continued processing of prohibition orders or certify as to conversion eligibility. Utilities did not elect continued processing of 28 units for which conversions were proceeding. Although these utilities have indicated interest in converting their powerplants to coal, they have not to date sought DOE assistance. There are 44 additional powerplants for which utilities have indicated some interest in DOE assistance in the conversion process. However, we cannot realistically estimate how many will seek DOE assistance.

FUELS CONVERSION
STATUS OF PROPOSED PROHIBITION ORDERS, AS OF MARCH 11, 1982

Utility	Station	Unit	Potential Coal Use (tons/year)	Potential Oil Displacement (barrels/day)
A. ESECA ELECTED: These utilities were issued prohibition orders under the Energy Supply & Environmental Coordination Act, and elected to retain them pursuant to the Powerplant & Industrial Fuel Use Act (FUA) as amended by the Omnibus Budget Reconciliation Act (OBRA).				
Delmarva Power	Edgemoor	1-4	1,002,000	11,100
VEPCO	Chesterfield	4,6	4,377,000	24,700
VEPCO	Portsmouth	4	610,000	6,700
Northeast Utilities	Mt. Tom	1	346,000	3,800
	Subtotal	8	6,335,000	46,300
B. FUA ELECTED: These utilities were issued proposed prohibition orders under the provisions of FUA, and elected to retain them pursuant to FUA as amended by OBRA.				
Baltimore Gas & Electric	Brandon Shores	1,2	2,400,000	27,000
Public Service of New Hampshire	Schiller	4-6	432,000	4,800
VEPCO	Possum Point	3,4	899,000	9,800
Atlantic City Electric	Deepwater	8	185,000	1,900
	Subtotal	8	3,916,000	43,500
C. FUA CERTIFIED: These utilities, under the provisions of FUA as amended by OBRA, certified conversion capability and requested that DOE issue proposed prohibition orders.				
New England Power	Salem Harbor	1-3	812,000	8,900
Consolidated Edison	Arthur Kill	20,30	1,600,000	17,800
Consolidated Edison	Ravenswood	30N,30S	1,900,000	21,100
Montaup Electric	Somerset	7,8	486,000	5,400
	Subtotal	9	4,798,000	53,200
	TOTAL	25	15,049,000	143,000

Question: Surely you can't contend that any new applications could be completed before the end of this fiscal year?

Answer: We agree that it may be difficult to completely process new requests for orders by the end of FY 1982.

Florida Conversions

Question: Haven't you agreed to a request from Senators Chiles and Hawkins to help the Florida Public Service Commission survey their facilities and do a regional environmental impact statement for the whole state of Florida? Would you explain the nature and scope of this work?

BEST COPY AVAILABLE

Answer: We have agreed to the request. We are assisting Florida by assessing the technical and economic feasibility of converting 29 units at 14 generating stations, and also conducting an analysis of the environmental consequences of those particular conversions.

Question: Surely, this can't be completed by the end of this fiscal year, can it?

Answer: We can complete all the engineering and economic feasibility work, and we can complete the environmental work to the point of a draft environmental impact statement. We thus can substantially complete the evaluations of Florida conversions.

Budget Adjustment

Question: You say in your justification that a budget adjustment will be proposed if any essential work is not complete at the end of FY 1982. We know right now that the work won't be completed -- there's no way that it can be, especially at reduced staffing levels. I think it would be very helpful to the Subcommittee to have some reasonable numbers on what funding levels would be required to continue an effective program through FY 83.

Answer: DOE believes that it is premature to determine the extent that essential work may continue beyond the end of this fiscal year and the resources needed for this work. Both prohibition order requests and exemption petitions have been coming into DOE at levels considerably below that projected just three months ago. We know that we can make substantial progress towards completing ongoing work by the end of FY 1982.

OFFICE OF HEARINGS AND APPEALS

BACKLOG OF OUTSTANDING CASES

Senator McCLURE. Mr. Breznay, last year you testified that you expected to reduce the backlog of outstanding cases by some 700 during fiscal year 1982, yet this year's justification indicates you will have increased your backlog from 790 cases at the beginning of the fiscal year to some 3,860 by the end of the fiscal year. What accounts for such a big difference in your projections?

Mr. BREZNAY. Well, Mr. Chairman, we are expecting, based on projections of activity in the enforcement area, that a substantial number of cases will be litigated before the Office of Hearings and Appeals, and that those cases will tend to be received toward the end of this fiscal year; that is, we have not had the influx of cases that we originally projected a year ago would be arriving throughout this fiscal year, and I expect that they are going to be loaded toward the end of the year. And under those circumstances we won't be able to work on those cases and arrive at a conclusion on them. They will still be on our books as we go toward the end of this fiscal year.

The accelerated enforcement strategy to resolve those cases, I think, when it has its effect, will produce cases toward the end of this year. Accordingly, these cases are more a working inventory than a backlog.

Senator McCLURE. Was that the case a year before?

Mr. BREZNAY. I am not sure I understand your question.

Senator McCLURE. You indicated it is a matter of timing primarily for the increase in the backlog. Was that not the case the year before? Didn't those cases come in at the end?

Mr. BREZNAY. No; I think they were spaced evenly throughout the year. We had a tremendous number of cases, as many as 10,000, at the beginning of the 1981 fiscal year. We worked off those cases. But that historical experience is not a very good guide for what our current situation is. The cases we are now receiving are of a different type, are much more complicated and tend to be heavily in the enforcement area.

Back in 1981 we had a lot of exceptions activity, much of it involving retailer cases.

Senator McCLURE. Let me ask a couple of other questions. Perhaps I will return to you with a request for more specific information on this subject.

I note in your justification that you hope and expect to resolve by the end of fiscal year 1985 all compliance and noncompliance related cases which come to you before the end of fiscal year 1983. Is that still correct?

Mr. BREZNAY. Yes, sir.

Senator McCLURE. Even though they are later in coming in than you had anticipated, you still expect to have them resolved by the end of fiscal 1985?

Mr. BREZNAY. I still do project that that will be the outside timeframe for our activity.

Senator McClure. Well, I appreciate that. Of course, that is a good goal, and I would note the good progress that you have made in the immediate past. You have a good record for working these cases off. I don't mean to overlook the good record that you have had in commenting upon some of the problems that remain. Sometimes we fail to look at the good side and look only at the problems, and I think that that is a failing of those of us who work up here and ask questions. We fail to make the general comments, which I should have made also to Mr. Hanzlik, that we appreciate the good work that is being done. The questions are only addressed to the problem areas that remain.

There is one area that does continue to bother many of us, though, and that is the time that it takes to resolve cases. In previous years you testified the average time to process a case was 69 days. During March 1981 it was 179 days. What is the average time to process a case during all of fiscal 1981 and what is that figure for February 1982?

Mr. Breznay. I don't have the time figures, but I will be happy to provide them.

The last part was time figures for February 1982, is that correct?

Senator McClure. Yes.

Mr. Breznay. Would that be for all cases resolved during the month of February 1982?

Senator McClure. Yes; it would have to be those that have been resolved, because you could only estimate those that were pending as to how long it would take. So if you could give me the figures for all of 1981 and what is the figure for February 1982, that's kind of a comparison benchmark for us against earlier figures.

[The information follows:]

Average Case Resolution Time

During the 1981 fiscal year 271 days elapsed before an official action was taken in the average case. During February 1982 228 days elapsed, on average.

During the 1981 fiscal year, most, if not all of the more routine matters considered by OHA were mooted by the issuance of the January 28, 1981 Executive order decontrolling crude oil and refined petroleum products. As a result, OHA was left to resolve the most complex and typically most time-consuming portion of its historical workload. In addition, during the fiscal year OHA eliminated its regional operations and had to undertake the resolution of any remaining case work from the regions. All of these matters required staff time and consequently increased processing time during the 1981 fiscal year. We have realined staffing resources as to abilities and expertise in an effort to speed case processing. During the initial 5 months of the current fiscal year, the average processing time has declined to 249 days.

As of March 1, 1982, the oldest proceeding open before OHA is an application for exception involving Twin Tech Oil Co., case No. DXE-0065, filed on October 18, 1977. This data alone however is misleading. The matters raised by Twin Tech in this submission have been the subject of five separate official actions of the Office of Hearings and Appeals. In addition, Twin Tech has initiated litigation concerning its application for exception before the U.S. District Court for the Southern District of Texas, and the issues it raises in its court suit have been argued before the temporary emergency court of appeals. Furthermore, the courts have remanded various aspects of this case to OHA for either reconsideration or for a directed decision on two occasions. Each of these events has delayed the conclusion of the present Twin Tech case. In fact, at one point the U.S. District Court enjoined the Department from enforcing portions of earlier decisions issued to Twin Tech. To the extent that these matters related to the present case, a decision on the submission had to await a judicial determination.

Moreover, we have made requests for information which are critical to the conclusion of the current proceeding and have granted three extensions of time to permit Twin Tech to respond to these requests. However, the firm has not furnished all of the requested data. In view of the lengthy record of Department and judicial proceedings involving Twin Tech, we are affording the firm the fullest opportunity to complete the record in this proceeding. However, we are unable to fully consider the matter in its present posture. In the absence of a full response to our request for information we have informed the firm that we will be forced to dismiss the case in the very near future.

LENGTH OF TIME TO COMPLETE CASES

Senator McClure. Is it a fact that it is taking longer to resolve these cases, longer now than it was during 1980?

Mr. Breznay. It certainly is.

Senator McClure. Why?

Mr. Breznay. Well, there are a number of reasons. Different kinds of cases. With the enforcement cases that we are tending to see now the issues are quite complicated, the amounts of money at stake are large, counsel is almost invariably present for the respondent in these enforcement actions, sometimes teams of lawyers.

Senator McClure. Was that not the case earlier?

Mr. Breznay. That was not the case. Many of those cases involved smaller firms, many appearing on their own behalf without the benefit of counsel. Very often the issues were purely factual in nature. For example, we had established a rule in our cases that a firm could obtain a larger allocation of motor gasoline under the following circumstances, and the firm would come in and tell us that this is the historical experience, its current sales, and why it qualifies for this higher allocation. It would be a relatively simple matter to analyze the facts and apply the standard analytical framework that we developed.

The current issues involve complex and interrelated legal and factual questions, many of first impression, and the time periods provided in the regulations to a firm that wants to defend an enforcement action are lengthy to start with.

Some of our cases are at least 2 years old. I am thinking of one in particular where the amount of money involved is $1.5 billion, and that case is a prototype of the very difficult enforcement cases that we have pending now. We have issued literally dozens of orders and held dozens of hearings, all in the pretrial stage of this litigation. We haven't conducted any trials in the matter nor have legal issues been briefed. We are still at the discovery stage. It is like a big antitrust case where it takes a long time to complete the discovery and other pretrial aspects—depositions, interrogatories, and so on.

Senator McClure. As of March 1, 1981, you had 391 cases which were 360 days or more old. What is that figure for March 1, 1982?

Mr. Breznay. I have the figure. I will have to do a quick addition here, Mr. Chairman.

Mr. Chairman, the figure I have is 236.

Senator McClure. You have reduced it from 391 to 236?

Mr. Breznay. I don't have the figures for March 1, 1981. If you say the number is 391, we're down from 391 to 236.

Senator McClure. Well, that's good progress. I hope that when you get back to your office and check those figures you don't come up with a different answer. But if you do, I will welcome that addition to the record.

Mr. Breznay. I will supplement, if that isn't correct.

Senator McClure. What is the oldest such case? Last year it was 1,231 days.

Mr. Breznay. This is the oldest case on our docket?

Senator McClure. Yes.

Mr. Breznay. I have one case which is 1,480 days old. That is between 3 and 4 years old.

Senator McClure. Well, you must have disposed of the one that was 1,231 days a year ago. But you have got another candidate for the honor.

Mr. Breznay. I will try to have that 1,480-day case off the books as soon as possible.

Senator McClure. I assume that these are difficult, complex cases.

Mr. Breznay. I am sure they are.

Senator McClure. And the reason they have been on the docket so long is because of their complexity; is that a fair assumption?

Mr. Breznay. Yes; I believe that is correct in every case.

SMALL REFINERY CASES

Senator McClure. Are there basic policy differences in these cases? Is there a pattern developed that explains why this type of case takes longer?

Just looking at the information that we have before us, I think it is Little America Refining and Husky Oil that are the ones that head the list of the longest delayed. These are both relatively small producers.

Mr. Breznay. Mr. Chairman, those two firms have been before us regularly over the years with dozens of applications largely relating to the old oil entitlements program, and we have processed dozens of cases.

Senator McClure. Well, I know one of those was Little America Refining in which they were subsidizing Texaco, which seemed a little strange to me that a little outfit like this could be paying millions of dollars a month to one of the giants. It grew out of their purchase of Sinclair. But there are some unique generic problems in that case, because they are an inland, landlocked refinery in which they have some very tough crude to deal with. It is very heavy, very difficult crude to deal with, and yet because of the accidents of the entitlement program they are being called upon to subsidize the majors. This seemed a little perverse to those of us who then were in the marketing area and saw their dealers being put out of business because of their subsidies to the majors who then had a 10- to 15-cent differential of price at the retail sales end. Right across the corner from each other you would have a small refiner outlet selling for 15 cents a gallon more than a major and yet they were subsidizing the major.

That is one of the anomalies of the perverseness of the entitlement program which just does not make any sense, and I think we are all glad to have gotten to an end of it.

But I think that may be one of the reasons why we see that group of refiners on the list of the oldest cases. That is why I asked if there is a policy differential involved there, or a pattern involved. I am familiar with both of those companies, their production patterns and their refining and marketing patterns, and I think there is a substantial injustice having been perpetrated in these particular cases.

Mr. BREZNAY. Well, I appreciate your comments, Mr. Chairman. We still do have some pending matters involving those firms, and I therefore don't want to set forth any opinions on the matters you raised. I think there has been substantial attention paid by a number of people in our office to those cases. It is not just us; it is the FERC that is currently involved. A number of cases have wound their way through the Federal courts involving those very firms.

So they do present special cases, and I think the fact that we do have cases involving those firms still pending at the office simply means that they do present issues which do require attention. We are giving it to them and will certainly try to make sure that none of those cases remain on our books for an unduly long period of time.

Senator MCCLURE. They have been there a long time already. Once in a while it is better to leave them on the books than to resolve them in an unfair and unjust manner, and I think there is a little bit of that here. We have been working for a long while trying to resolve some of those issues in which there was some subjective judgments to be made, and where we looked at some of those judgments which in the past took a long time to resolve. I hope you will continue to look at them, because if indeed they are resolved, even favorably, there is still a tremendous cost and burden to having them tied up for so long. Even if the end result is favorable, it is still unfavorable; it is only less unfavorable.

Thank you, gentlemen, very much. I appreciate your testimony. There will be some further questions to be submitted in writing.

ENERGY INFORMATION ADMINISTRATION

STATEMENT OF J. ERICH EVERED, ADMINISTRATOR

PREPARED STATEMENT

Senator MCCLURE. We will turn now to the Energy Information Administration whose fiscal year 1983 budget is $54,500,000, a reduction of over $24 million from the fiscal year 1982 funding level.

Testifying on behalf of EIA is the Administrator, J. Erich Evered.

Mr. Evered, may I welcome you this first time before this committee and invite you to highlight your statement as you see fit. Your full written statement will, of course, be made a part of the record.

[The statement follows:]

STATEMENT OF J. ERICH EVERED

Mr. Chairman, Members of the Committee, I am pleased to be here today to present the proposed Fiscal Year 1983 budget for the Energy Information Administration (EIA). This request is $54.5 million and includes 415 full-time equivalent staff years. The purpose of my testimony today is to explain how EIA plans to accomplish its goals and objectives at this budget level during Fiscal Year 1983. As you know, the President's budget assumes continuation of the EIA as an independent bureau of energy information in FY 1983 within the Department of Commerce (DOC).

EIA's main statutory responsibility is to provide meaningful, timely, and accurate energy information to the Executive Branch, Congress, State governments, and the public so that those who make decisions about energy in all sectors of our society have the tools to make those decisions well. For the sake of simplicity I will refer to EIA but our agenda remains basically the same if Congress decides to transfer our functions to the DOC. In order to accomplish this goal, EIA collects, processes, and interprets energy data, and exercises independent judgment in the gathering, analysis, and dissemination of information. EIA also provides essential energy data collection, processing and analysis support to other energy programs, and it ensures the accuracy and validity of energy information of all types.

BACKGROUND

Before I discuss the details of this budget request, which explains how EIA plans to meet its objectives in Fiscal Year 1983, I would like to briefly describe for you EIA's organizational structure and present some highlights of EIA's recent accomplishments.

In July of 1981, EIA underwent a major reorganization to enable the agency to achieve its objectives more efficiently. Organizing data gathering, interpretation and analysis functions by fuel type and by energy end use within program offices has led to a more focused use of resources, and has eliminated redundancies. These economies, along with the cessation of activities which supported petroleum regulation, have enabled EIA to continue its essential functions at reduced budget levels while improving the quality, timeliness, and usefulness of essential data series.

EIA's reorganization led to the establishment of three program operation offices, three program service offices, and an office which supports the Administrator in his overall policy and management activities. The budget has been restructured so that resource levels are accurately portrayed by these functional areas. In the Collection, Production, and Analysis area, the Office of Oil and Gas is responsible for data gathering, interpretation, and analysis in the areas of petroleum supply, petroleum marketing, natural gas supply, and oil and gas reserves. The Office of Coal, Nuclear, Electric and Alternate Fuels gathers, interprets, and analyzes data in its respective fuel areas. The Office of Energy Markets and End Use conducts statistical and forecasting programs concerning energy consumption and crosscutting energy topics. These include energy end use and prices, supply and demand balances, economic, international, and financial matters.

Three offices provide program services for the fuel-specific program offices. The Office of Automated Data Processing (ADP) Services operates the EIA computer facility, providing facility and telecommunications support, customer services, and ADP software support to EIA and other Department of Energy (DOE) components. The National Energy Information Center publishes and disseminates information and responds to public inquiries. The Office of Statistical Standards provides survey and statistical design, development of standards, coordination of standard definitions, and management of the DOE public use forms clearance process and respondent burden control program. This Office also verifies the quality and meaningfulness of energy information.

The policy and management area supports the immediate Office of the Administrator and the Office of Planning and Resources, which provides administrative support to EIA program offices in the areas of planning, budgeting, contract administration, personnel, and administrative services.

FISCAL YEAR 1982 ACCOMPLISHMENTS

During Fiscal Year 1982, EIA accomplishments will include the preparation of about 80 periodic energy data reports and 50 one-time interpretive and technical reports, and response to over 70,000 information requests from the public. Additionally, the EIA will continue to respond to the Congressional and Presidential mandate to relieve the public of time-consuming reporting requirements by developing and implementing the DOE-wide Information Collection Budget. This program has been successful in leading to reduced respondent burden. Specific data projects are being restructured into integrated files and publications based on common characteristics, which will reduce operating and publication costs. The EIA is also completing the design of a comprehensive natural gas information system and an integrated petroleum product distribution and sales data system. Results from the Non-Residential Buildings Energy Consumption Survey, which filled the major commercial sector data gap, provided significant insight into this sector. The EIA is providing analytic input into DOE emergency preparedness activities, has conducted a study of the impact of financial constraints on the electric utility industry, and is analyzing the effects of accelerated deregulation of natural gas. The EIA will also complete several product quality assurance projects, including about 20 reports on data systems, models, and projections; archiving of all Annual Report to Congress models, verifying their documentation; and review of the statistical quality and accuracy of major analysis and data interpretation reports.

EIA has continued to receive high marks from Federal, State, and private sector decisionmakers for its products and services. This confidence and EIA's independence have enabled policy makers to focus on the direction of energy policy, rather than concerning themselves with the credibility of the information.

PLANS FOR FISCAL YEAR 1983

As EIA prepares to enter Fiscal Year 1983 with a reduced level of resources, plans are being made to assure that EIA's basic statistical series are continued and that information products maintain their high level of quality. While some activities will be reduced or eliminated, those that remain will be subject to the same rigorous high standards.

At the Fiscal Year 1983 President's budget level of $54.5 million and 415 full-time equivalent staff years, most ongoing activities will continue, while others will be reduced or eliminated. In the Collection, Production, and Analysis area, EIA will continue to produce weekly, monthly, quarterly, and annual petroleum and natural gas data and short-term analyses. EIA will also conduct the annual oil and gas reserves and production survey and interpret the results. Support for the Federal Energy Regulatory Commission will be provided, as will most basic statistical collections. Short-term forecasting will continue with an extended time horizon. Integrative reports, such as the Monthly Energy Review, the State Energy Data

Report, and the data volume of the Annual Report to Congress will continue. Supply disruption analysis will also continue.

Analytical activities proposed to be eliminated in FY 1983 include mid- and long-term analysis, Alaskan hydrocarbon analyses, and model simplification. State level data in support of the Emergency Energy Conservation Act and State-collected heating oil data will also be eliminated. The Financial Reporting System, the Energy Emergency Management Information Program, and the Quarterly Report to Congress will be discontinued. Additionally, plans to extend the level of detail of the Weekly Petroleum Reporting System to refinery district will be cancelled. Some of these activities have already been proposed for elimination in Fiscal Year 1982, and are contingent upon the passage of S. 1281, the "Energy Information Administration Amendments of 1981." Additional legislation will be proposed to eliminate the requirement to prepare mid- and long-term analyses. Other activities will be reduced in scope. These include crude oil imports data collection, the alternative fuels program, certain electric power data systems, further refinements to existing systems, and the frequency of collecting energy consumption data.

The activities in the Program Services area support the programmatic activities described above. In Fiscal Year 1983, EIA will continue to oversee the management and operation of the computer facility commensurate with the reduced analytical and data requirements of the continuing programs. EIA will continue to respond to inquiries requesting energy information. The forms clearance and burden reduction program will continue, as will the preparation of the annual Information Collection Budget. Those activities to be eliminated include the planned use of a satellite computer, the State liaison function, in-depth validation of data and models, field audits, and further development of the Data Resource Directory. Quality control reviews will be conducted by the offices responsible for data programs. Planned reductions include computer equipment such as fewer storage disks and terminals, and computer technical support related to reduced computer usage. The scheduling, printing, dissemination, indexing, and abstraction of EIA publications will be reduced to reflect the decreased number of publications. Statistical design activities will be reduced commensurate with the reduced number of systems, as will frames development and update and the archiving of EIA models.

Policy and Management activities, which support the Administrator in his overall guidance and management of EIA staff, will be reduced commensurate with program reductions. Continuing activities include the development and implementation of budgets, annual operating plans, and program plans. Activities to be reduced include the processing and monitoring of contract actions, personnel actions, and administrative support activities.

These plans reflect a change in direction in response to the Administration's overall energy policy of placing greater reliance on the free market in seeking solutions to the Nation's energy future. The demands of Federal program managers for detailed data needed to implement regulatory programs have been reduced; therefore, EIA's requirements as a support organization have been similarly reduced. In addition to the savings achieved by outright elimination of regulatory data collections, efficiencies are being achieved as a result of a more stable environment. Survey and systems redesign will be needed much less frequently, definitions can be standardized, and greater use can be made of sampling.

With respect to validations, that program effort over the past four years has covered most major information systems and has laid out an agenda of recommendations for achieving improvements. As we complete redesign efforts, as we are now doing with petroleum product marketing data, past validation reports serve as a major contributing factor to the redesign.

Finally, we are also planning to eliminate mid- and long-term modeling and forecasting. In the light of the current availability of some of this information from private sector sources, the inherent uncertainty that attaches to any longer-term projections, and the need to reduce government spending, we will propose legislation to eliminate this requirement. We will thus be focusing our analytical resources on interpretive analysis to turn raw statistics into relevant information, on examining alternative energy trends for the short-term, and on critical energy issues, such as natural gas decontrol.

This concludes my basic presentation of EIA's planned activities for Fiscal Year 1983. In planning these activities, it was essential to develop rational criteria for deciding which activities would be maintained, and which would be reduced or eliminated. Without the basic historical data series, the rest of EIA's activities could no longer be undertaken. It was, therefore, decided to maintain high utilization data series, while eliminating some systems of less utility. Quality data are essential for sound decisionmaking. In addition to essential data series, short-term forecasting will be maintained. Recent supply and consumption data on petroleum products, for example, will provide us with the tools we need to inform the public and private sectors about the expected supply of heating oil for the winter, or gasoline for the heavy summer driving period, to name just one application. Beyond the short-term, however, the many variables and uncertainties inherent in forecasting make the mid- and long-term forecasting activities less useful and overly costly. In addition, mid- and long-term projections made by outside sources are available to provide a range of possibilities of mid- and long-term energy situations. EIA will continue to maintain the basic tools for analysis of energy supply disruptions, and will maintain the basic data series that will enable the private sector or other government agencies to conduct mid- and long-term analysis, should they choose to do so.

In summary, while the EIA will not produce the same volume of information as it has in the past, I believe that EIA's FY 1983 budget will support a timely, relevant, high quality statistical program. EIA products will serve the information needs of energy decisionmakers in the Congress, the Executive Branch, the States, the private sector, and the public. I will be happy to answer any questions you may have.

BUDGET REQUEST

Mr. EVERED. Thank you very much, Mr. Chairman. I would be pleased to summarize my remarks and to have my full prepared statement entered into the record.

I am pleased to be here today to present the proposed fiscal year 1983 budget request for the Energy Information Administration. This request is $54.5 million and includes 415 full-time equivalent staff years. The purpose of my testimony today is to explain how EIA plans to accomplish its goals and objectives at this budget level during fiscal year 1983.

Plans are being made to assure that EIA's basic statistical series are continued and that information products maintain their high level of quality. The fiscal year 1983 request assumes discontinuation of some minimal use reports, incorporation of most quality control and validation activities into systems design and operation, and elimination of the requirement to conduct mid- and long-term analysis.

The EIA will focus on basic national level energy statistics and analysis limited to current trends and projections up to 5 years. Legislation required to eliminate mid- and long-term projections will soon be proposed. Additionally, Senate bill 1281, the Energy Information Administration amendments, would eliminate some reporting requirements and strengthen EIA's ability to protect its data.

I would add at this point my appreciation for the chairman's introducing that bill during the last session.

Although there was no action on S. 1281 during the last session, we intend to continue pursuing its enactment. Our fiscal year 1982 and 1983 budget requests assume passage of this legislation.

During fiscal year 1982 EIA accomplishments will have included the preparation of about 80 periodic energy data reports and 50 one-time interpretive and technical reports, and response to over 70,000 information requests from the public. Additionally, EIA is continuing its efforts to reduce respondent burden. Specific data projects are being restructured into integrated files and publications based on common characteristics, which will reduce operating and publications costs.

In 1983 EIA will continue to produce weekly, monthly, quarterly, and annual data and short-term analyses; EIA will also continue to conduct the annual oil and gas reserves survey and will continue its support for the Federal Energy Regulatory Commission.

Short-term forecasting will continue with an extended time horizon. Activities to be reduced or eliminated include mid- and long-term modeling and forecasting, State level data in support of the Emergency Energy Conservation Act, the financial reporting system, the energy emergency management information program, and the quarterly report to Congress.

The planned extension of detail in the weekly petroleum reporting system will be canceled. Other data collections, such as oil imports, alternate fuels, certain electric power data systems, and energy consumption data, will be reduced in scope and frequency.

In summary, Mr. Chairman, while EIA will not produce the same volume of information as it has in the past, I believe that EIA's fiscal year 1983 budget will support a timely, relevant, high quality statistical program. EIA products will continue to serve the information needs of energy decisionmakers in Congress, the executive branch, the States, the private sector, and the public.

That concludes my remarks. I would be happy to respond to any questions you might have.

Senator McCLURE. Thank you very much.

I appreciate your reference to S. 1281 and your assumption that it was going to pass and your submission based upon that assumption. There is nothing very certain in Congress except uncertainty. Bearing that in mind, if the legislation is not passed, what will you propose to do in order to meet your legal requirements? And to state the same question a slightly different way, approximately how much money and in what areas will you have to provide funding not now anticipated in the 1983 request?

Mr. EVERED. I would be pleased to respond for the record in some detail on the individual items. As a general matter, we are under two constraints, of course, a constraint of budget dollars and a constraint of full-time equivalent staff. It would be an uncomfortable position for me to have a surfeit of money and yet have serious restrictions on my ability to maintain the staff levels. We would have to evaluate the situation at the time, should that come about, and possibly seek additional resources.

Senator McCLURE. Can you provide for the record some detail as to what might be required if S. 1281 is not passed, in terms of dollars, in terms of personnel level requirements, and in terms of specific programmatic changes that would occur in the event S. 1281 is not passed?

Mr. EVERED. Yes, sir. I would be pleased to respond with that.

In addition, I would point out that there is an additional element of our legislative requirements which the 1983 submission presumes repeal of, and that is the requirement to conduct mid- and long-term modeling and analysis.

Senator McCLURE. Will you also include in your detailed statement of materials to be included in the record an analysis of what those changes might be in dollar terms, in personnel levels, and in terms of programmatic change?

Mr. EVERED. Yes, I will.

Senator McCLURE. Thank you.

Mr. EVERED. I would point out, Mr. Chairman, that there is some discretion in implementing such a requirement, but I would be pleased to provide for the record the level of effort which we have been expending in that area.

[The information follows:]

EIA AMENDMENTS OF 1981

EIA has asked for relief from several information gathering requirements which, if relief is not granted, would require funding in support of the following programs: the financial reporting system; a middle distillate monitoring system (Emergency Energy

Conservation Act); other EECA requirements; coal reserves disclosure; and quarterly report to Congress.

The estimates contained in the January 1981 President's budget submission to the Congress for fiscal year 1982 funding for these programs totaled $11.7 million. This consisted of $2.4 million for the financial reporting system, $9.2 million for all EECA requirements, and small amounts for coal reserves disclosure and the quarterly report to Congress. However, these estimates were prepared during a time when a regulatory environment necessitated detailed data collection efforts that could possibly be used to support an emergency petroleum allocation program in the event of a shortage, or in the event of the implementation of State energy conservation targets, or in the event of some other Federal Government interventionist role. In the current environment these legislative requirements could, if necessary, be fulfilled through less detailed, less burdensome, and less costly reporting systems. EIA intends to carry out the provisions of legislation governing its activities to the extent possible within the context of the resources that are available.

The fiscal year 1982 budget contained $5.5 million for mid- and long-term analysis and forecasting, which has been eliminated from the 1983 budget. A legislative proposal to eliminate this requirement will be forthcoming.

MID- AND LONG-TERM PROJECTIONS

Senator McCLURE. With regard to the mid- and long-term projections you indicate that outside sources provide a range of such projections. Do you find these projections to be slanted in one way or another? Or do you feel they are as balanced as those produced by your Department?

Mr. EVERED. On the whole, it is my judgment that they provide a range of possibilities that are reasonsable and in a similar format to that which the EIA has presented in the past.

Senator McCLURE. When you talk about these outside sources providing a range of projections, I judge both your statement and your answer to my questions to indicate that range covers what EIA might have done in the past.

Mr. EVERED. Yes, sir.

Senator McCLURE. But it is kind of a wide range, isn't it?

Mr. EVERED. It is.

Senator McCLURE. Averages are somewhat dangerous games to play, and somebody has to provide the averages. You have in the past provided not only a range, but also a judgment of what the average is. If we only look at outside estimates, we can only take each one individually without an independent evaluation of what those averages ought to be. Is that a problem area? Is there some function to be provided within your agency or somewhere else to provide an informed but perhaps objective evaluation of the midpoint or the weighted midpoint of such range?

Mr. EVERED. You have touched on a key point. The EIA's judgment is no better nor any worse than anyone else's when it comes to forecasting what will happen in the energy future. EIA's forecasts and projections carry the value of objectivity and are intended to be, and indeed are in practice, devoid of policy bias in promoting one view or another. It has been our experience that our mid-case projections generally fall within the central range of the bulk of the forecasts available from very reliable sources in the private sector.

It is our feeling that the uncertainties inherent in any outyear forecasting effort render the output quite subjective and subject to various interpretations and uses. Any forecast or projection which we have produced is tempered with a long string of caveats and assumptions. It is our judgment that, given a certain set of assumptions, this is what is likely to happen, and adjustment in any of the assumptions of future outcomes will certainly change the results.

Senator McClure. Well, I am certain that is the case. But the effort is worth it, isn't it? Should we just say the uncertainties are so great that we need not be involved at all, or the fact that your estimates are no better than anybody else's renders it invalid for us to make any attempt at objectivity?

Mr. Evered. It is a matter of priorities, Mr. Chairman. Certainly the projections EIA has produced in the past have proven to be of use because they continue to be in demand.

Senator McClure. You mean somebody is reading them.

Mr. Evered. Somebody is reading them, somebody is using them, they continue to be in demand. However, in a relative sense, we find—and this is my judgment—that these projections are not as useful or as cost effective as the other products which EIA produces, and in a reducing budget environment these are of lower priority.

Senator McClure. I went back and looked at economic projections just as a matter of my own information to try to determine where we were headed as a country and the economy. I think it goes without too much argument that at least three of the major econometric models are those used by Wharton, DRI, and Chase. And it was interesting. I looked at their quarterly forecasts for each of the last 7 years. They had one thing in common—they were always wrong. And they were wrong by massive differences. Not only were they in disagreement with each other, they also did not forecast what happened. They missed the mark in every instance. I couldn't even come close by averaging what they had said to what actually occurred.

I am not saying that long-term forecasts are not useful; I am saying that there are certainly some very obvious limitations when you take the three most prestigious in the country and can demonstrate that they have always invariably been wrong. Every one of the quarterly forecasts were wrong, and not just a little bit wrong but massively wrong.

In terms of trying to make any kind of policy based on those forecasts we would have been in terrible, terrible trouble, as indeed we are. I won't say that is why. But certainly people do use them, and you have indicated that they are in use. As some forecaster recently said, if you are going to be in the business of forecasting, you'd better forecast often in the hopes that people are only looking at your most recent forecast, which hasn't yet been proven to be false and have forgotten the earlier forecast, which experience has proven to be inaccurate. But we still do use them.

Last year at the hearing I asked if EIA charged for any of the information it disseminated. The response was that it did get reimbursed by other Federal agencies, and that it did charge the private sector for publications and computer tapes through GPO and the National Technical Information Service, but it did not have a general system of user fees for the dissemination of other information to the public.

First, if EIA is in fact reimbursed by other agencies, why doesn't the amount appear on page 112 of the justification?

REIMBURSEMENTS

Mr. EVERED. EIA actually does very little work for reimbursement by other agencies. We do not plan for any specific work for reimbursement in fiscal year 1983. In the past that work has been limited to service to the Strategic Petroleum Reserve Office, and to a minor degree, to the Policy Office, but no specific plans are in place, Mr. Chairman, for work in 1983 for reimbursements by other agencies.

Senator MCCLURE. Can I refer to page 114 of your justification?

Mr. EVERED. Yes, sir.

Senator MCCLURE. Near the bottom of the page, in that last paragraph, the third item from the bottom, the jusitification says that "the agency does provide energy data support to other Government components on a reimbursable basis." On the top of page 115, "Provide timely and responsive computer services to ERA and FERC and to other organizations on a reimbursable basis."

Yet when I turn to page 112 of the justification, where it shows receipts and reimbursements, the reimbursements are zero. Which of those two statements is accurate?

Mr. EVERED. Actually, both are correct. The reference to receipts and reimbursements on page 112 refers to a funding arrangement not used by the EIA in which receipts offset budget authority for work directly related to an agency mission. We do plan to have the capability to respond to the needs of these other departmental components; however, nothing specifically has been requested, nor is it planned, so it is impossible to estimate.

Senator MCCLURE. Last year when I asked the question I was told that it was done; this year when I asked the question you say it isn't done but you plan to do it. Was the information given this committee last year false?

Mr. EVERED. I am not cognizant of the information which was provided this committee last year.

Senator MCCLURE. I will submit that to you for the record for your respose in writing, because something isn't adding up.

Mr. EVERED. We would be pleased to clarify that for the benefit of the committee.

Senator MCCLURE. Did you get any reimbursement in fiscal 1981?

Mr. EVERED. Fiscal 1981, I suspect we did from the Strategic Petroleum Reserve Office, possibly a bit from ERA.

Senator MCCLURE. Do you expect to receive any in fiscal 1982?

Mr. EVERED. Yes; a small amount.

Senator MCCLURE. Would you provide that for the record?

Mr. EVERED. We certainly will provide that for the record.

Senator McClure. Your justifications did not include that information.

Mr. Evered. We would be pleased to provide that for the committee.

[The information follows:]

EIA Reimbursements

The schedule which appears on page 112 of the Energy Information Administration's budget contains a line for reimbursable work or receipts from the public or from other agencies outside of the Department of Energy which can be used as offsets against budget authority. For example, this line is used by the power marketing administrations to estimate their sales of electric power to the public. It is also used by the Assistant Secretary for Nuclear Energy to estimate revenues from the sale of nuclear fuel. EIA does not have any reimbursable work of this nature. However, from time to time EIA has acted on behalf of the strategic petroleum reserve, the Economic Regulatory Administration, and other Department of Energy offices by arranging for the development of a new survey or system needed by these organizations to be added to existing EIA contracts. Sometimes additional sections can be added to existing EIA forms; sometimes a new form is needed. In these cases, when an organization requests data that EIA is not currently generating, and has not budgeted for, the requesting organization transfers funds via an internal mechanism which allows these funds to be cited on an EIA contract. But the requesting organization retains the funds in its appropriation and remains responsible for insuring their proper expenditure. As previously stated, these have involved small amounts of money for small projects; EIA cannot use these funds as an offset against its own budgetary requirements as they represent additional work which is generally in addition to the scope of EIA's mission. This is why these funds do not appear on page 112 of the budget. EIA will maintain the capability to provide this kind of service in fiscal year 1983, as mentioned on pages 114 and 115 of the budget, but does not know of any specific requests of this nature for 1983. In 1981 these transfers totaled slightly more than $1 million; 1982 transfers to date total $405,000.

USER FEE SYSTEM

Senator McClure. Based on last year's response and what I am hearing now, it appears that you have never really looked into adopting a user fee system in any detail. Is that correct?

Mr. Evered. That is correct. We view it as an essential responsibility of the Energy Information Administration to provide service to the departmental components. That is part of our mission, and in the past it has not been the practice of EIA to seek reimbursement for all work done in support of other departmental program areas.

Senator McClure. Even though through GPO and National Technical Information Service, don't they generally make charges for the materials provided?

Mr. Evered. There is an important distinction here between labor and service provided and information products sold. Yes, indeed; we have recently implemented, under my guidance, a revised pricing policy which will seek greater cost recovery on the printing and distribution of publications and public use tapes. But that is quite a different matter from providing labor and computer services to other departmental components.

Senator McClure. Will you provide a little further detail for the record with respect to what has been sold, what your policy is in providing that information, and whether or not there will be reimbursement between agencies practiced in fiscal 1983?

Mr. EVERED. Yes, sir, we will.

[The information follows:]

ENERGY INFORMATION ADMINISTRATION USER FEE SYSTEM

User fees are of two kinds. One is for charges to the public for information products, and the other involves charges to other DOE offices for work performed on their behalf which is above and beyond the statistical work which EIA performs.

EIA charges the private sector for publications and computer tapes through the Government Printing Office (GPO) and the National Technical Information System. We have investigated the possibility of EIA becoming a GPO sales agent. This is currently under discussion. However, these receipts are not available for EIA's use; they revert to the Treasury. The other kind of user fee involves charges to other DOE offices for work performed on their behalf. For new work, EIA sometimes requires reimbursement from other DOE offices, as previously discussed. For computer use EIA has looked into adopting a user fee system, and in fact, has instituted "memorandum billing," that is, an indication of what the computer usage charges are, based on actual usage. An actual reimbursement system for computer usage has not been instituted for the same reasons cited last year; amounts are relatively small, except for the Federal Energy Regulatory Commission (FERC), and the burden of administering such a program is relatively great. With respect to the FERC, many of the systems have multiple uses, being used for both FERC's regulatory needs and EIA's statistical needs.

REORGANIZATION OF DOE ACTIVITIES

Senator MCCLURE. If I understand your statement and the administration's proposal for the reorganization of the activities now performed in the Department of Energy, it is anticipated that your agency would be merged into the Department of Commerce. You have indicated in your statement that you don't anticipate that will have any effect upon your program level or activities; is that correct?

Mr. EVERED. That is correct.

Senator MCCLURE. And yet one of the reasons in the justification for the reorganization into the Department of Commerce is that it makes sense to have the Energy Information Agency in the same branch of Government where other statistical information is gathered in the Department of Commerce, and the expectation from that statement is, without it being stated in personnel levels or dollars, that it can be done more efficiently and effectively there. You're telling me that it will be done no more efficiently or effectively; it will be done the same.

Mr. EVERED. I have never said that it would not be done more efficiently or more effectively. Our basic charter and menu of responsibilities will not be altered, but we will certainly be able to do our jobs better in a closer cooperative relationship with other statistical agencies in the Government housed in the Department of Commerce.

Senator MCCLURE. But it won't affect either your budget nor personnel levels?

Mr. EVERED. Not to a substantial degree, no, sir.

Senator MCCLURE. You talk to those people over there now, don't you?

Mr. EVERED. Yes, sir.

Senator MCCLURE. You are part of the same Government.

Mr. EVERED. I would like to think so.

Senator McCLURE. But we will move the boxes, and that changes communication.

Mr. EVERED. There is substantial reluctance on the part of the Bureau of the Census, for instance, to share certain of their, what we call, frames, standard statistical establishment lists, which is a highly confidential list of organizations and addresses for use in census data-gathering activities. They have not provided that for use by EIA.

Senator McCLURE. Is there any reason why?

Mr. EVERED. Perhaps for some institutional reasons, but one of the largest reasons is EIA's inability to protect the confidentiality of information.

Senator McCLURE. Will that change under the reorganization?

Mr. EVERED. That could be altered. The institutional problems will be relieved. It is not clear to me—I have not been privy to the legislation—what the confidentiality powers of the proposed Bureau of Energy Information will be, following the reorganization.

Senator McCLURE. Would you outline for me in a submission in writing what the confidentiality question is under existing statute and policy, and how that would be changed, if at all, by reorganization?

Mr. EVERED. I would be happy to respond to the degree I am knowledgeable of the legislation. Again, I don't know what details appear there.

[The information follows:]

ENERGY INFORMATION ADMINISTRATION DISCLOSURE POLICY

Current laws and regulations provide specific guidance to the Energy Information Administration (EIA) on the disclosure of individually identifiable energy information to the public, the Congress, the General Accounting Office (GAO) and other offices in the Department of Energy (DOE).

EIA is required to make information available to the public under the provisions of the Freedom of Information Act, and DOE's implementing regulations, 10 CFR 1004; section 14 of the Federal Energy Administration (FEA) Act of 1974, and section 205(f) of the DOE Organization Act; except that trade secrets and confidential commercial or financial information are exempt from such disclosure. Sections 59 and 12 of the FEA Act require the disclosure of any information to any committee of Congress or the GAO, respectively. Section 205(f) of the DOE Organization Act requires the disclosure of any information to other offices of DOE. Finally, information collected pursuant to the authorities of the Energy Supply and Environmental Coordination Act (ESECA) of 1974, must be provided, upon request to the Attorney General, the Secretary of Interior, the Federal Trade Commission, the Federal Power Commission (now the Federal Energy Regulatory Commission), or the GAO. This authority is generally used only for regulatory data collections.

These disclosure requirements and EIA's discretionary authority to disclose information to other Federal agencies and the States are addressed in the DOE policy on the disclosure of individually identifiable energy information in the possession of the Energy Information Administration (45 Federal Register 59812, September 30, 1980). This policy delineates the specific conditions and terms under which individual or company-specific information may be released. It attempts to insure for fairness both to the providers of information, by requiring that they be told of the intended uses of the information at the time of data collections, and to the users of the information, by setting forth criteria whereby individually identifiable information may be shared with those who have a legitimate need for it and who can insure that the integrity of information will not be compromised.

Briefly, data will be disclosed: to the public to the extent required by the Freedom of Information Act (5 U.S.C. 552); to the Congress and the GAO, as required by statute; to other components of the DOE, as required by the DOE Organization Act; although, in order to protect the integrity of statistical data, other DOE offices will not generally request statistical information for other than statistical purposes; and to other Federal agencies and to States if—the data are available to the public; disclosure is required by the terms of the statute under which the information was collected; the data were collected for regulatory purposes; advance notice had been given to the provider of the information; the data, whether regulatory or statistical, will be used for statistical purposes only; the provider has consented to the disclosure; a court has ordered the disclosure; or the President has directed the disclosure.

The Energy Information Administration amendments of 1981, S. 1281, would clarify and strengthen existing provisions of law and the aforementioned policy regarding data sharing and confidentiality. The bill would enhance EIA's ability to perform its functions more cost effectively and in a manner more consistent with sound information policy by (1) making it possible for the EIA to obtain individually identifiable statistical information from other agencies that in the past denied this information to the EIA because of the possibility or redisclosure under the DOE act and re-use of this information for nonstatistical purposes, and (2) providing for the appropriate use and safeguarding of EIA's statistical information.

Finally, EIA has not requested any substantive changes to the above-described information disclosure policy in any new legislative proposals.

ADDITIONAL COMMITTEE QUESTIONS

Mr. EVERED. I would point out again that S. 1281 provides just the sort of remedy that we are looking for in this area.

Senator McCLURE. Thank you very much. We will submit some other questions in writing. I appreciate your testimony very much.

Mr. EVERED. Thank you very much, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Mid- and Long-Term Forecasting

Question: You indicated in your statement and in the justification that the many variables and uncertainties inherent in forecasting make the mid- and long-term forecasting activities in coal, nuclear energy, electric power, and alternate fuels less useful and overly costly. On what basis are you making this statement? Can I infer from this that the costs associated with these forecasts far outweigh the benefits?

Answer: Any forecast of energy consumption, demand, price, or supply is dependent on a number of economic assumptions. Economic forecasting, such as that conducted by DRI, Wharton, and Chase, involves the prediction of a wide range of variables, such as inflation, unemployment, growth of disposable income, rate of growth of Gross National Product (GNP), and numerous other factors. As you pointed out, Senator, if any of these predictions varies from the emerging reality and they often do, the energy forecast which uses these economic assumptions will vary from the reality. This is especially true of mid- and long-term projections. For example, if unemployment is higher or lower than forecasted, the demand for gasoline during the summer vacation period may also be higher or lower than forecasted. There is seldom a direct relationship between any one economic assumption and an energy forecast. Rather, there is a complex web of inter-relationships which the models attempt to take into account. However, a change in just one of many economic assumptions or energy assumptions will cause the energy forecast to be inaccurate. In the light of these circumstances EIA has determined that, in an atmosphere of reduced government spending, other activities that the Energy Information Administration conducts are of greater utility than mid- and long-term forecasts, and the costs associated with these forecasts outweigh the benefits.

Reductions in Reporting Burden

Question: For Fiscal Year 1983 and beyond, you indicate in your justification that you will attempt to eliminate any unnecessary and burdensome reporting requirements. Can you give us some examples of such reporting requirements which may be eliminated and then, for the record, provide a list of all those you now anticipate eliminating within the next two fiscal years?

Answer: A number of Energy Information Administration's (EIA's) forms have been related to regulatory requirements. When petroleum products were decontrolled on January 28, 1981, the need for a large amount of information collected on various forms disappeared. EIA has been working on revising many of its forms since that time, consolidating the information that needs to be retained for statistical purposes, and eliminating that which related to discontinued regulations. EIA hopes to complete work in Fiscal Year 1982 on a revised petroleum product distribution survey which will replace five current forms--the EIA-14, EIA-25, P-306, P-314, and EIA-460.

EIA annually prepares an information collection budget, which is a plan for revising and consolidating, adding, and dropping forms as the needs of the users change. The current Information Collection Budget contains the plans described above and estimates the savings in reporting burden that these changes will produce.

EIA is currently conducting a rigorous review of every existing reporting or record keeping instrument in accordance with the Paperwork Reduction Act. Each form and each data element will be reviewed. Each form will either be rejustified, revised, consolidated, or eliminated, based on the results of this review, which is expected to be completed in June.

EIA will undertake the process of preparing the Information Collection Budget for Fiscal Year 1983 within the next few months based on the experience and progress to date with the 1982 Information Collection Budget and the review that is currently underway. Until that time definite plans for eliminating additional forms in Fiscal Year 1983 will not be formulated. At this time, there are no definite plans to eliminate additional forms in Fiscal Year 1983.

However, a number of recurring reports and periodicals will be reduced in scope and frequency.

Energy Information Administration Contract Budget

Question: In Fiscal Year 1981, \$56.7 million--or 63 percent--of your budget was for contract work, while in Fiscal Year 1982, \$50.3 million--also 63 percent went to contractors. How much of your Fiscal Year 1983 budget will go to contractors and, more specifically, how much will go to the applied analysis activities?

Answer: EIA is planning to spend \$33.3 million of its \$54.5 million request (61 percent) for the services of contractors. Applied analysis activities, which include short-term forecasting and selected analytical studies, are expected to cost \$4.1 million. This includes the cost of supporting in-house analytical personnel as well as contracts.

Energy Information Administration Emergency Preparedness Capability

Question: You have indicated in the justification that the energy management information system will be ended as a separate system, but the basic information programs needed to monitor energy trends for emergency preparedness purposes will continue. Can you elaborate on this statement for the Committee and indicate which such programs will continue? Will any Federal agency coordinate and disseminate such emergency preparedness information?

Answer: The EIA is planning to continue the basic energy information programs needed to monitor energy trends for emergency preparedness purposes. In so doing, EIA will retain the institutional capability, both the tools and appropriately skilled staff, to expand upon its basic collections to obtain the required information, should the need arise.

EIA's energy emergency information program consists of several discrete activities that provide information useful for monitoring energy trends in a potential emergency situation. First is the development of a capability to provide a blueprint for information responses to various types of supply interruptions. It will allow managers to draw upon the existing EIA data and analysis programs for information relevant to an emergency situation. Other features include the use of computer assisted telephone interviewing to obtain responses to surveys more rapidly, and an automated communications network called DIALCOM to facilitate the exchange of information between Federal and State energy offices. Upon completion of development, some of these features will be placed in a standby status in 1983.

Other activities relevant to emergency preparedness that are an integral part of EIA's ongoing efforts include The Weekly Petroleum Status Report, the Short-term Energy Outlook, the Coal Strike Monitoring System, natural gas curtailments information, and information for the International Energy Agency (IEA). The Weekly informs a wide audience, on a current basis, of the overall situation on petroleum supply, stocks, and inventories and is sent to over four thousand recipients. The Outlook reviews recent energy developments and provides quarterly projections out five quarters into the future of energy supply, demand, and prices for all major energy products.

In many cases, information support for an energy emergency entails increased timeliness and level of detail of ongoing activities, not the creation of new data series. For example, the Outlook was reoriented during the 1981 United Mine Workers of America strike to focus on coal supplies and impacts of the strike. Also, detailed coal supply information, needed primarily during a coal strike, would be gathered rapidly by reinstituting the Coal Strike Monitoring System, which worked very successfully during the 1977-78 and 1981 coal strikes. The Natural Gas Curtailments System, which gathers annual projections of natural gas supplies, curtailments, and alternate fuels use, would be augmented by reactivating with the Office of Emergency Preparedness the "Gaseous Fuels Emergency Telephone Survey" should a natural gas emergency occur. Finally, EIA provides information to the IEA on a routine basis and emergency reporting to support international agreements could be instituted quickly.

As has been the practice in the past, in the event of an emergency, EIA would coordinate its information programs with the appropriate offices within DOE and other Federal agencies.

Oil Imports Data Systems

Question: What improvements do you plan on making to the current oil imports data gathering system? Please elaborate, and indicate why such improvements are necessary.

Answer: When the Department of Energy was formed, EIA began consolidating and integrating information systems dealing with oil imports. At one time there were 17 different systems that dealt with oil imports. EIA began a cooperative effort to consolidate these systems, eliminating duplication and overlap. EIA had planned a National Oil Imports Reporting System (NOIRS), a joint effort with the U. S. Customs Service, to standardize definitions, such as what constitutes the "United States" for purposes of tracking oil imports, and to arrive at an integrated data collection system. However, high cost and the difficulty of agreeing upon standard definitions for data elements needed for different purposes led to the decision to abandon a joint reporting system with Customs.

EIA will continue to obtain oil imports information through its existing surveys. EIA is always on the alert to take advantage of opportunities for improving data collection instruments as surveys come up for renewal. EIA is currently reviewing several oil import reporting forms including the ERA-60, Report of Oil Imports into the United States and Puerto Rico and is considering the use of sampling techniques for some data elements. These efforts will lead to further streamlining of EIA's oil imports data systems.

Reductions in Consumption Surveys and the Financial Reporting System

Question: Finally, what is the rationale for publishing such reports as the Commercial Non-residential Energy Consumption Survey every three or four years rather than on a yearly basis or not at all? Similarly, why are you again proposing to eliminate the Financial Reporting System? Please elaborate.

Answer: The commercial survey is designed to measure energy consumption and changes in energy consumption in the commercial sector of the economy. While changes are occurring, due to energy conservation measures, fuel switching, etc., these changes are not occurring so rapidly as to warrant an annual survey. It was, therefore, concluded that a commercial survey conducted less frequently than annually would serve the information needs of decisionmakers.

The Financial Reporting System again continues to place a significant reporting burden on industry. This burden per respondent is significantly higher than the burden caused by any other form sponsored by EIA or any Department of Energy organization. Most of the critical information is available from other sources, both Government, such as the Securities and Exchange Commission, and the private sector, such as company annual reports and the reports of major banks. While EIA is taking steps to shorten the form to reduce this burden for the reporting year 1981, it still continues to be a costly and burdensome system. In light of the availability of this information from other sources, EIA believes that the cost of the Financial Reporting System outweighs benefit to either the public sector or the private sector.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Question: The Energy Information Administration budget request for fiscal year 1983 contains no funds for mid- and long-term energy projections and analyses. What was your funding request for this activity last summer and how much did the Department recommend to the Office of Management and Budget?

Answer: The Energy Information Administration's budget request to the Department last summer contained $5.5 million for mid- and long-term analysis. The Department approved this request and recommended the same amount to the Office of Management and Budget.

Question: In the absence of mid- and long-term forecasting by the Energy Information Administration, on whom will the Department's policymakers rely for independent, unbiased estimates related to future energy markets?

Answer: The Department's policymakers have always relied on forecasts from several sources, including EIA. For example, there are a number of mid- and long-term forecasts that are produced by other organizations. Some of these sources include the Congressional Budget Office, the Office of Technology Assessment, the CIA, the Electric Power Research Institute, the International Energy Agency, the Irving Trust Company, the Workshop on Alternative Energy Sources, MIT, Pace Company Consultants and Engineers, Inc. and SRI International.

SUBCOMMITTEE RECESS

Senator MCCLURE. The subcommittee will stand recessed until 9 a.m., Thursday, March 11, when we will receive the fiscal year 1983 budget request for the National Park Service.

[Whereupon, at 10:42 a.m., Tuesday, March 9, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, March 11.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, MARCH 11, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:35 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Leahy, and Bumpers.

DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

STATEMENT OF RUSSELL E. DICKENSON, DIRECTOR

ACCOMPANIED BY:

NANCY C. GARRETT, ASSOCIATE DIRECTOR, ADMINISTRATION
C. BRUCE SHEAFFER, ACTING BUDGET OFFICER
IRA HUTCHISON, DEPUTY DIRECTOR
WILLIS P. KRIZ, CHIEF, LAND RESOURCES DIVISION
DR. RICHARD H. BRICELAND, ASSOCIATE DIRECTOR, SCIENCE AND TECHNOLOGY

BUDGET REQUEST

Senator MCCLURE. The committee will come to order. This is the time scheduled to review the fiscal year 1983 budget request for the National Park Service, but not including the land and conservation fund programs, which will be heard on April 15.

The Service's request for appropriated funds is $734,173,000, which is about $17 million, 2 percent less than 1982 appropriations to date.

The Service also has a 1982 supplemental request for $2,200,000 pending before the committee for forest fire suppression and rehabilitations costs.

The lead witness for the Park Service is Mr. Russell Dickenson, Director.

Welcome before the committee again, Mr. Dickenson. You may introduce your colleagues for us and proceed as you see fit with your statement. It will, of course, appear in full in the record.

And I might state, before you start, by way of apology in advance, that I expect we may be interrupted by proceedings on the floor. But we'll do the best we can.

GENERAL STATEMENT

Mr. DICKENSON. Thank you, Mr. Chairman.

It is a great pleasure for the National Park Service to appear before you again, Mr. Chairman.

I'm accompanied this morning by, on my right, Deputy Director Ira Hutchison; on my left by Associate Director for Administration, Miss Nancy Garrett; and on her left, Mr. Bruce Sheaffer, who is the Acting Budget Officer for the National Park Service.

PROBLEMS FACING THE NATIONAL PARK SYSTEM

Last year, Mr. Chairman, I briefly outlined a number of serious problems facing the national park system in the coming years. Foremost among these was the condition of visitor and staff facilities and support systems in many of the older popular park areas.

Deficiencies in meeting life health safety codes are fairly widespread and a number of factors have contributed to this problem, including the age of the facilities, the adverse impact of inflation on limited maintenance budgets, and the intense competition for limited resources in a rapidly expanding national park system. All of these we covered last year.

To address the problems, Secretary Watt proposed to deemphasize the acquisition of new park areas and to give serious attention to taking care of parks previously authorized. This resulted in the park restoration and improvement program, a major funding initiative to revitalize park facilities and preserve important historic properties.

Certainly I want to thank you, and the National Park Service thanks you, Mr. Chairman, and this subcommittee for the support which was given to this initiative in fiscal 1982. A total of $76.3 million was appropriated for that program, $31.1 million in the construction appropriation and $45.2 million for the Service's operation of the national park system account.

We think they are impressive figures. And to give you some idea of what they mean in terms of real accomplishment, I would like to quote the following statistics to you.

One hundred ninety five park areas—that's 59 percent of the total—will receive project dollars under the park restoration and improvement program.

Seventeen capital improvement projects in 13 parks will be undertaken to reconstruct unsafe roads and bridges, upgrade water and sewer systems to meet required standards, and preserve several historic buildings.

Three hundred eighty six health- and safety-related projects in 144 parks are being funded to correct many of the most urgent and visible deficiencies in park facilities.

Fifty six cultural resource preservation projects, affecting 45 parks, will provide for the preservation, treatment, and improved care for museum collections and the stabilization of historic structures and ruins.

And we have approximately 270 cyclic maintenance repair and rehabilitation projects which will be completed to improve the appearance and extend the useful life of many park facilities.

This is a program that we are undertaking of considerable scope and magnitude.

I recently met, Mr. Chairman, with each of the regional directors to assess our progress to date in implementing the program. And I can report to you, and am pleased to do so, that the National Park Service staff at all levels of the organization are meeting the goals which we've established for the park restoration and improvement program.

Congress has given us a start on correcting many of the problems, and I assure you we are making the most of that opportunity.

As important as these facilities are, however, they are only one aspect of serving the visitor and protecting park resources. The national parks are among the Nation's brightest treasures. The richness of their natural and cultural resources is the tangible evidence of our heritage. These resources represent the physical, intellectual, and even the spiritual base from which this nation's strength, continuity, and pride of purpose have been fashioned. A wide range of facilities is needed to permit public access to these treasures. But facilities in themselves do not guarantee a quality park experience.

The Service's commitment to serving the visitor includes the preservation of park resources. For without these resources, the national parks would not exist.

We also have an obligation to insure that each visitor is provided with an adequate level of protection for himself, his family, and his belongings while visiting the park and that the opportunity exists for him to increase his understanding and appreciation of park resources and values through interpretive and informational programs.

MAINTAINING HIGH STANDARDS

Our national park experience should in some way enrich each park visitor, perhaps with new insights or new understanding. And if it does not, then the visitor is the loser, and both the parks and the Nation are poorer for his loss.

Earlier this year, Secretary Watt challenged the Service to maintain its tradition of providing a high standard of service to the visitor. Judging from the number of letters and inquiries we have received over the past few months, this is an area of intense public concern as well.

The National Park Service is working hard to insure that essential services are maintained in fiscal 1982 and are being used to restore, in a number of parks, important visitor services which have been curtailed due to escalating operating costs.

Some examples: Improving routine maintenance activities, particularly during peak season periods, to provide a clean, safe environment for visitors and staff; extending lifeguard coverage at popular beach areas and several national seashores so that visitors can enjoy safe recreational use of these areas; upgrading emergency response capabilities and law enforcement programs in a number of parks to protect property as well as public safety.

We are also taking a close look at interpretive and informational activities, with special emphasis on providing quality, on-site programs.

During 1981, we recorded a record 329.6 million visits to the units of the national park system, and this is an alltime high; yet, based on our statistics, is one of the best years on record as related to visitor safety.

Knowing the enthusiasm, the creativity, and the dedication of our field personnel, I feel confident that we will maintain the high standards of service to the public which have been traditional with the National Park Service.

And I'd also like to touch briefly, Mr. Chairman, on the area of resources management. The protection and preservation of natural and cultural resources in the park areas are essential to the mission of the National Park Service. Over the past several decades, we have become increasingly aware of influences, both internal and external, to park areas which are having an impact on park resources. In many cases, the impact is subtle.

The features of some of the most popular areas, Yosemite, the Grand Canyon, Independence Hall, do not show damage that is evident to most park visitors. But changes are taking place stemming from public use, management practices, and developmental and environmental changes in and about the parks.

PRESERVING AND PROTECTING PARK RESOURCES

The Service's resources management programs are directed toward identifying, understanding and, if possible, controlling these changes.

In fiscal 1982, this subcommittee approved $75.5 million for the protection and preservation of park resources. These funds are enabling the Service to improve resources protection efforts in several ways. These include: an accelerated program of cyclic maintenance and preservation of important historic buildings, sites, and objects; the initiation of an acid rain research program as part of an intergovernmental effort to begin to measure the effects of this complex form of pollution; expanded air quality monitoring program to collect and analyze baseline information in 27 national parks designated by Congress as class I areas and 8 parks designated as class II areas, the control of exotic species which threaten the long-term viability of indigenous flora and fauna; and the improvement of staff expertise in resources management through a comprehensive training and development program.

Park resources, the irreplaceable and cultural features, are the essence of why the parks were established. As stewards of these resources, the National Park Service must meet the challenge of balancing preservation with appropriate public use.

REDUCING FEDERAL SPENDING

With the support of the subcommittee, we are working to improve the long-term monitoring, research, and management programs required to exercise our stewardship responsibility. The National Park Service fully supports the President's program to reduce Federal spending. To this end, we are examining park, regional, and Washington Office operations to determine which activities have priority and are essential to the mission performance.

The Service's budget request for 1983 includes prudent reductions in several programs, shifting or eliminating certain servicewide programs which can be better managed at the regional level and reducing funding for visitor transportation systems in a number of parks where such operations can be self-supporting.

Improvements in management to meet operating requirements continues to be a top priority.

Mr. Chairman, the budget request for the National Park Service for fiscal 1983 reflects the concerns that I have just highlighted. We are requesting a total of $736.3 million. Although this is $19.2 million less than the amount appropriated in fiscal 1982, the net decrease is due to proposed reductions in the land acquisition program and the elimination of grant programs of the historic preservation fund and the urban park and recreation fund.

PROGRAM INCREASES

The Service is requesting an increase of $65 million, 11 percent, for park operation and construction. The Service is proposing a total of $539.7 million to operate the national park system in 1983, $26.8 million more than the fiscal 1982 appropriation. This increase primarily affects routine maintenance activities, visitor protection and patrol functions, and resources management.

The additional funds will be used to improve peak season services, to fund a portion of the Federal pay increase approved last October, and to restore services curtailed to meet other mandatory requirements.

We're also requesting additional funds to augment the acid rain research program and to improve concessions management activities. And these increases will be offset in part by program reductions in other areas.

The fiscal 1983 request for the national recreation and preservation programs is $7 million. That is a decrease of $5.4 million from the fiscal 1982 level. This decrease is due, in part, to program reductions in the rivers and trails program and in outdoor recreation technical assistance activities.

We are also proposing an alternative method for financing grant administration expenses which will reduce our budgetary requirements.

Finally, general administrative costs included in this account in 1982 will be transferred to the operation of the national park system appropriation in 1983. The total request also includes increased funding to meet additional workload requirements at the Federal level for tax certification reviews relating to historic preservation.

The Service's construction program totals $123.7 million for fiscal 1983. That is $38.5 million more than fiscal 1982. The request includes 46 projects in 40 parks. It includes the rehabilitation of water and sewer systems, fire and other safety improvements in public buildings, reconstruction of unsafe roads and bridges, pollution and erosion control, and the preservation of important historic structures.

We are requesting $59.8 million in fiscal 1983 for the acquisition of new park lands. This funding level will pay court awards relating to land acquisitions in nine recently authorized areas, to make emergency and hardship purchases of inholdings, and to cover administrative expenses.

I began this statement by summarizing what we are accomplishing in fiscal 1982 with the funds approved by this subcommittee for the park restoration and improvement program. In fiscal 1983, we are requesting $105 million to continue this initiative, $42 million in the operation of the national park system appropriation and $63 million in the construction appropriation.

In the park operations account, $32 million is proposed to continue correcting health- and safety-related and other deficiencies in park facilities and $10 million for cultural resources preservation. The contruction portion of the program includes 23 major rehabilitation and improvement projects to repair deteriorating roads, upgrade utility systems, and provide needed visitor facilities.

Mr. Chairman, these are the highlights of the fiscal 1983 budget request of the National Park Service. The proposed funding levels reflect the Service's continuing concern with the condition of park facilities, the protection of the natural and cultural resources and the quality of the services provided to the visiting public.

I and my staff will be very pleased to respond to any questions that you and the subcommittee may have.

Senator McClure. Thank you very much.

As you can tell, there's a certain amount of nervousness on the floor, the bells are ringing. So, we'll try to hit some of the most important points as quickly as we can.

There will be a number of questions to be submitted for the record for responses in writing.

Mr. Dickenson. Yes, sir, Mr. Chairman.

INTERPRETIVE PERSONNEL LEVELS

Senator McClure. Your justifications state the following, on pages 20 and 21—and I quote:

> Personnel strength in interpretation and visitor services has remained essentially constant since fiscal 1978. In many parks, interpretive personnel levels have been reduced in deference to other major park programs such as maintenance and protection. Consequently, as visitation grows, so does the number of people who come into virtually no contact at all with visitor services personnel. Entrance station personnel are often the only employees a visitor sees. Visitation increases make it necessary to conduct more interpretative and informational programs, so that the number of visitors not reached by the parks trained personnel is kept to an absolute minimum.

On page 2 of your statement today, you say, "We are also taking a close look at interpretive and informational activities, with special emphasis on providing quality on-site programs."

As you went on there, focusing on the same need for quality as well as levels of personnel, in spite of that justification and that statement, in your statement this morning your request for fiscal year 1983 proposes a further reduction in FTE by 14. Why is this?

Mr. Dickenson. Well, in the context of the preparation of the budget, we found it necessary this year to do that, Mr. Chairman, despite the fact that we recognize the interpretive and visitor services function as one of the most important. Regrettably, what has to happen at the field level, due to the effects of inflation and other rising costs, is that that particular portion of our program is the most vulnerable to adjustment by managers.

What we're trying to do is, systemwide, establish a mind set and a priority so that the managers will, indeed, give a higher priority to that. It's just unfortunate that we are not able, as a part of this budget presentation, to give greater emphasis to that.

Senator McClure. Maybe you need to send the justification out to the people in the field, rather than bringing it up here.

Mr. Dickenson. I think maybe that might be useful.

Senator McClure. If that's where the problem lies.

Mr. Dickenson. That's part of it, Mr. Chairman. We hope to, of course, ultimately expand that program. It's been in decline for over 10 years.

BUDGET REDUCTIONS AND PAY COST ABSORPTIONS

Senator McClure. Is the Service at its currently authorized personnel ceiling?

Mr. Dickenson. It is not; no, sir.

Senator McClure. If not, why not? You say personnel is your problem.

Ms. Garrett. We have two considerations this year, Mr. Chairman, which have affected our employment actually on board. One is the position that the Park Service and other bureaus and Government agencies are in of having to absorb the full cost in fiscal year 1982 of the pay raise approved October, 1981, and the second part is that in accordance with the administration's decision to try to get some handle on inflation, we, like other bureaus, took a 4-percent reduction in fiscal year 1982. The 4-percent reduction plus having to absorb the pay raise has simply limited our ability to fill all of our positions in this fiscal year.

VOLUNTEERS-IN-PARKS PROGRAM

Senator McClure. Well, you didn't reduce yourself 4-percent everywhere. Your justifications show that the volunteers-in-parks' activities will continue in 1983 at the 1982 level. The 1982 appropriation act says that a 4-percent reduction was to have been applied to each activity. You didn't do that.

Ms. Garrett. In the VIP program, sir, we took advantage of our reprograming authority. Our pay-off for the VIP program is so great that we simply did not feel, particularly in a day of declining ability to hire people, that we could afford not to spend the entire $250,000 for the VIP program.

Senator McClure. You didn't request any reprograming?

Ms. Garrett. Our reprograming authority at that level is delegated to the bureaus. We're only talking about $10,000.

Senator McCLURE. We would expect, however, in view of that specific request in the appropriations bill last year, to have a reprograming request where you're not going to apply the 4-percent reduction.

Ms. GARRETT. Yes, sir. We are preparing a letter to the committee which spells that out.

Senator McCLURE. The same thing is true with respect to the international park affairs activities that were not reduced.

Ms. GARRETT. Partially that is true, Mr. Chairman, but also there were some readjustments having to do with our absorbing the former Heritage Conservation and Recreation Service. Some of their functions were melded into international affairs. An example would be the individuals who handled world heritage. So the adjustment was partly related to the absorption of the former HCRS, and partly the internal reprograming to try to keep that program at the same level.

Senator McCLURE. I understand, and I don't mean to belabor it, they are small dollar figures.

Ms. GARRETT. Yes, sir.

Senator McCLURE. But the volunteers program and the international park affairs activities you reprogramed out of park maintenance in order to keep those funds high, yet you keep telling us that park maintenance is the highest priority.

Ms. GARRETT. Mr. Chairman, we have not stated that they came out of park maintenance. We said that they came out of our total operation of the national park system account, and our letter to the committee would indicate what that source of funding would be.

Senator McCLURE. You're telling me now that park maintenance was not reduced?

Ms. GARRETT. I believe that an internal chart that was prepared in our Budget Division would reflect those small dollars coming out of that account, but we do have a large servicewide account that does not affect the parks, and I think the point that we would make is that there's no impact on the parks whatsoever.

Senator McCLURE. The servicewide account doesn't affect the parks?

Ms. GARRETT. It affects them indirectly, in that later in the process we would allocate funds to regions and to parks, but that is a servicewide program not specifically identified in the budget process for parks.

FEE COLLECTIONS

Senator McCLURE. I'll return to that in just a moment, if we have time.

An increase of $224,300 is requested for fee collection activities. Is this increase tied to new legislative initiatives?

Ms. GARRETT. No, sir, it is not. You may recall that the Park Service did increase its user fees. We do have the authority to increase user fees, so that is not related in anyway to any legislation that might be coming before the committees later.

Senator McCLURE. You'll still need these increases even though the legislative suggestions that have been made are not——

Ms. GARRETT. That is correct, sir, because they're still related to other kinds of fees, including entrance fees.

Senator MCCLURE. You've estimated an increase of more than 100 percent in your recreation fee receipts in 1983. What are the assumptions behind that estimate?

Mr. DICKENSON. The assumption at the time this was prepared, Mr. Chairman, was that it would take into account the proposed legislation by the administration.

Senator MCCLURE. Is the increased dollar amount tied to the legislative proposals?

Mr. DICKENSON. The figure that is shown assumed that legislation might be passed by the Congress.

Ms. GARRETT. Mr. Chairman, if I may add to that, about $4 million of the increase reflected in fiscal year 1983 is related to the user fees, so that increase would stand regardless of what ultimately might happen to any subsequent legislation.

Senator MCCLURE. Well, I would hope if we increase $224,300 in fee collection activities, it will be reflected in receipts, yet you're telling me that the two are separated.

Mr. DICKENSON. It certainly will, sir, but, there are two aspects here. Certainly, the administrative authority to increase user fees has been exercised already. We expect that that will result in $4 to $5 million of additional receipts coming in.

Senator MCCLURE. That would be true even though you didn't get the $224,300 in requested fee collection activities?

Ms. GARRETT. No, sir, that would not be a true statement, because if we are going to more stringently enforce fee collection in the campground areas, it's going to increase patroling, and it's going to increase costs for more seasonal employees to be there to make sure people pay those fees. So there are costs related to increasing fees. It's both increasing the campground fee itself and also the collection efforts. And that $224,300 increase is related to better collection and more enforcement of collecting those payments.

Senator MCCLURE. A more accurate answer than the first one given me is that there is some relation between the $224,300 and the increased fees, but they're not wholly dependent on the legislative suggestion.

Ms. GARRETT. There is a relationship between the $200,000 increase and the $4 million; that is correct, sir.

VISITOR PROTECTION AND SAFETY

Senator MCCLURE. Programs for visitor protection and safety are proposed for an increase of $3,391,000 in 1983. Of that amount, $898,000 is to supplement ongoing visitor protection and safety activities at 26 park units.

How were those parks selected?

Mr. DICKENSON. I'm sorry, Mr. Chairman? Your question again?

Senator MCCLURE. How were the parks selected in which the money was to be spent for visitor protection and safety activities?

Ms. GARRETT. Mr. Chairman, our budget is put together based on input from our regional offices and each regional office prioritizes the parks to which it needs increases in any given fiscal year. And in this particular category, these parks were taken from the priority list submitted to us by our regional offices.

Senator McCLURE. Did the Washington office review these increases to insure consistency across the park regions?

Ms. GARRETT. Yes, sir.

Senator McCLURE. If that's so, how do you reconcile the fact that a number of park units with a very high number of 1980 offenses were left off the list, including Indiana Dunes with 315, Sleeping Bear Dunes with 213, Golden Gate with 848, Yosemite with 1,223, Cape Cod with 1,263, and Gateway with 685, while other park units were included on the list that do not have such a high number of 1980 offenses, such as Buck Island Reef National Monument with one, Chickasaw National Recreation Area with 27, Fort Necessity with 18, Herbert Hoover National Historic Site with 2, Nez Perce National Historic Park with 7, the Statue of Liberty with 20, Organ Pipe Cactus National Monument with 9, Perry's Victory Memorial with 7, the Statue of Liberty—I think I gave it 20, and Voyageurs National Park with 51.

So if it seems to me if you tried to establish consistency, there was something missing in that review.

Ms. GARRETT. Mr. Chairman, last year when those figures were put together, we recognized that the number of incidents which are reported have increased, because there are more people now in those parks to identify and report those incidents. In the parks that we've identified in the budget, there are few incidents reported because we have fewer personnel. We are convinced that if we add more staff in those areas that you're going to see us identifying the things that we know are going on in those parks but we have not been able to respond to or to identify.

It's like a police force, if you have 10 people, you may issue 100 tickets. If you double the police force to 20, maybe you're going to issue 1,000 tickets. So there's a different kind of relationship between the number of incidents and the number of staffing.

In fiscal year 1981, the staffing was increased in those areas. Therefore, there are more incidents reported. And in these areas, you can expect to have more incidents reported next year when we have this additional staff and add these additional funds.

MEASURING PARK NEEDS FOR PROTECTION

Senator McCLURE. How do you measure the need, upon what criteria do you measure the need for increased visitor protection and security, if you don't do it on the basis of problems?

Mr. DICKENSON. Primarily the professional judgment of the managers onsite, Mr. Chairman.

Senator McCLURE. But how do you get any uniformity to that?

Mr. DICKENSON. I don't think that you can have absolute uniformity.

Senator McClure. Well, there must be some criteria by which you judge it other than the request of the unit manager. Couldn't he be able to perceive a lot of problems where another manager doesn't?

Mr. Dickenson. I'm never been able in my career to be able to discover any kind of national standard that could be applied, because each area is unique, the rhythm of public use is different, the kind of law enforcement and other public use problems are entirely different, and it can only be measured at site-specific.

Senator McClure. Can you develop any kind of ratio between visitor usage, visitor density?

Mr. Dickenson. That's been attempted before, never successfully, Mr. Chairman. We attempted to set national standards a few years ago, and it bombed out. I think the only feasible way to do it is to do it in terms of the kind of experience and professionalism that is represented by the managers in the field.

Senator McClure. I have been notified that we're about to go to a live quorum on the floor. In deference to my colleague, Senator Leahy, I'll turn the time over to him now for some questions.

Senator Leahy. Mr. Chairman, I appreciate that courtesy very much. Most of my questions will be submitted for the record.

HISTORIC PRESERVATION FUNDINGS

Senator Leahy. Because of this, I just want to raise a couple questions regarding historic preservation. I note the proposal for fiscal 1983 is eliminating all the funding for the States. They'll be receiving around $20 million or so in fiscal 1982. And I'm not sure if that means that the States are going to carry out Federal responsibilities without Federal support or the Park Service has the resources to assume these responsibilities.

Let me just ask a couple of questions on it, because new tax incentives have made the historic preservation program a lot more popular than it was. They are good tax incentives, and I applaud them very much, but there's been an increased workload on both tax certification and processing nominations for the National Register. What's your estimate for the increase in tax certifications, as well as nominations to the National Register for fiscal 1983?

Mr. Dickenson. I think that the best estimate we have now on the tax certifications is to move up from the present level perhaps of about 1,500, Senator, to somewhere above the 2,000 level, in terms of actual numbers, but I don't have immediately available to me the figure on the nominations for the National Register.

Senator Leahy. Could you get for the record both the estimates for the increase in tax certifications, as well as the nominations?

Mr. Dickenson. About 8,000, I'm told, is the expected level on the National Register.

Senator Leahy. OK, we'll go to with those numbers now, but obviously, when you go back over your transcript, double-check it.

[The information follows:]

TAX CERTIFICATIONS AND NOMINATIONS TO THE NATIONAL REGISTER

The Park Service estimates that 6,500 determinations of significance; 4,500 certifications of rehabilitations; and 240 statutes will be received during fiscal 1983. A range of 6,500 to 8,000 National Register nominations is estimated for fiscal 1983.

FUNDING AND STAFF LEVEL INCREASES

Senator LEAHY. How do you plan to accommodate these increases, both in funding and staff level?

Mr. DICKENSON. Recognizing that the States have been performing a screening and review process on the tax certification issue with the final tax certification performed by the National Park Service, we realize that there's going to be a greater workload coming to the National Park Service for that purpose.

In this budget we've asked for an increase of $800,000 to help, partially at least, offset that. I'm not sure that anyone fully knows yet what the impact will be. Some States may continue with their own resources to perform tax certification activities. Others may not. In any event, it is certainly possible for those desiring certification to come directly to the National Park Service and some may do that.

So I guess that our best estimate in looking ahead is that we'll do the very best we can, and if the system is not working, we'll recommend something else.

COST EFFECTIVENESS OF HISTORIC PRESERVATION PROGRAM

Senator LEAHY. Do you think $800,000 is going to be enough?

Mr. DICKENSON. I would think our professional staff would say it's going to be very marginal.

Senator LEAHY. You have a report prepared by your Division of State Plans and Grants, concluding "Elimination of the historic preservation fund grants-in-aid would not reduce direct Federal expenditures by the expected $20 million."

In fact, it goes on to say, and I quote again, "A product which costs the Federal Government $1 under the Federal/State approach will cost $1.21 under the fee approach and $1.82 under the Federal approach in 1983."

Is that accurate?

Mr. DICKENSON. Certainly that was put together by our staff, very knowledgeable people, requested by the Department and reviewed by the Advisory Council on Historic Preservation. I have no reason certainly to dispute those statements.

Senator LEAHY. My concern is, if on the one hand, we are saving a little money on one side, we end up tossing a lot more on another side. I think all of us agree, the chairman and myself and everyone else, that we think the historic preservation program is a good one. We're well aware that every program has to be looked at to be cost effective, and I ask these questions to make sure that we're doing the most cost effective method that we can, that we're not spending more money to save less.

Are the staff increases you're talking about, are these going to be at the regional level or are they going to be in Washington?

Ms. GARRETT. Mr. Chairman, there'll be some in the regional office and some in the Washington office.

Senator LEAHY. Will this assure the same level of service and the same quality of standards for historic preservation projects?

Mr. DICKENSON. In terms of the review of the tax certification activities, certainly the same standards would be applied, Mr. Leahy.

Senator LEAHY. Is there a current workload or backlog in the national and regional offices?

Mr. DICKENSON. I would expect that there would be, certainly. The number of actions has risen dramatically in recent times.

Senator LEAHY. I ask this just, so, that you can supply it for the record, what the backlog is in the regional offices and what you project the backlog may be a year from now.

Mr. DICKENSON. Very good, sir. We'll supply that.

Senator LEAHY. I think the rest of what I have, Mr. Chairman, can be submitted for the record.

Thank you.

[The information follows:]

TAX ACT CERTIFICATION BACKLOG

The Park Service estimates the backlog to be eight (determinations of significance) in fiscal 1981. Backlogs are beginning to build in all regions in handling Tax Act certifications. During fiscal 1982 approximately a 95-percent increase in Tax Act workload has been projected by the States. A similar increase is expected for regional offices. This increase has been noted by the States during the last 2 months and has been attributed to the provisions of the Economic Recovery Tax Act of 1981.

We have no basis for projecting the effect on backlog of the Economic Recovery Tax Act of 1981 or the demands on Federal staff if the States do not continue their present activities voluntarily.

GENERAL MANAGEMENT PLANS

Senator MCCLURE. I appreciate your interest and the questions. We're all concerned. The Service proposes to reduce funding for general management plans by $1,408,000—that's 63 percent—in fiscal year 1983. The general management plans are the overall management plans for each park unit. Why are the general management plans being downplayed so much?

Mr. DICKENSON. With the decision to forego the expansion of the system at this time, Mr. Chairman, the level of funding that we are requesting is intended to fulfill the kind of congressional mandates which have been laid on the Service from prior authorizations. I think the main factor that enters our consideration now is that there are no new areas proposed for addition to the national park system.We've had a rather sizable program over the past several years, and most of the units of the national park system are currently in reasonably good shape from a planning standpoint.

Senator MCCLURE. Shouldn't the master plan be what drives a park unit's overall management and construction program?

Mr. DICKENSON. Indeed, absolutely, Mr. Chairman.

Senator MCCLURE. It isn't just a wish list, is it?

Mr. DICKENSON. No; it is not.

Senator MCCLURE. There are some people who say that you've downgraded them because they've become a wish list for the park managers. If that is the problem, shouldn't we simply revise the goal of the master plan rather than do away with the process?

Mr. DICKENSON. Indeed, but one of the more recent innovations in the process is, instead of replowing the entire field when it's time to redo a master plan, we try to be very selective, and with the issue at hand, to be more precise in defining the changes. We find that that reduces cost, reduces time, and is more productive of our manpower. In other words, in order to modify a park plan, one need not go through an entire planning and environmental compliance process. One needs to be more precise in identifying the problems and issues that need to be changed. That's been most helpful to us.

PLANNING PROCESS

Senator MCCLURE. Well, as I understand what's happening now under the current planning process and the current management direction, the revision of existing plans will be virtually eliminated.

Mr. DICKENSON. For the time being.

Senator MCCLURE. What kind of planning process will take up the slack? If this is what drives the operation, the maintenance, the construction activities in the park, and you just freeze it at the status quo, then there is no updating, no looking at what the direction ought to be.

Mr. DICKENSON. Mr. Chairman, it is not our intention to pose this as a long-term solution to the problem. What we are saying is that we need to concentrate the available manpower and resources on filling the backlog of congressionally authorized master plans. That's the No. 1 priority associated with this level of the program. We will come back to the Congress at an appropriate time and resume the regular kind of scheduled cyclic replanning activity. Every area of the system, due to unforeseen changes and pressures, needs to a periodic reexamination that may be somewhere in the neighborhood of 10 to 15 years. At one point we attempted to do it on a 5-year cycle. That's too often, I think.

Senator MCCLURE. Five years is too often?

Mr. DICKENSON. I find it's too often to try to do it on a systemwide cyclic basis. There are lots of areas that do not have that kind of change, so we need to be more precise in identifying the individual areas and the kind of changes that are affecting them and not to try to do the entire 334 units of the national park system on some sort of a cyclic basis.

Senator MCCLURE. Well, doesn't it make more sense to continually revise it than it does to freeze it, then change it, freeze it, then change it?

Mr. DICKENSON. I think not, sir. The plans that are in existence today for the large units of the system, for the most part are up to date. We've been through a particularly productive period over the last decade and longer. Take, for example, areas like Yosemite, a major park with major problems. We worked on that master plan for something in the neighborhood of 8 to 10 years of very difficult public involvement problems. No easy solutions, but at long last we have a master plan for Yosemite National Park and dozens of other areas which have given us problems.

So I submit that we think we're on top of the problem. We will fulfill our congressional mandate, and then as problems arise, we will include this in our budget on an annual basis and come back to the Congress.

Senator McCLURE. Will you provide for the record a list of the units with master plans that are in place now and the date of that master plan, together with a list of those units that have no master plans?

Mr. DICKENSON. Yes, sir, we certainly will.

[The information follows:]

General Management Plans

Units With Approved Plans	Approval Date
Abraham Lincoln Birthplace NHS	12-2-63
Acadia NP *	12-11-64
Adams NHS	6 - 65
Agate Fossil Beds NM	2-18-66
Alibates Flint Quarries NM	3-22-78
Allegheny Portage Railroad NHS	3-26-79
Amistad NRA	4-15-68
Andersonville NHS	2-25-81
Andrew Johnson NHS	6-2-65
Antietam NB	1962
Apostle Island N. Lakeshore	10 - 72
Appalachian NSc. Trail	8-7-81
Appomattox Court House NHP	9-14-77
Arches NP	10-6-67
Arkansas Post NM	5-16-75
Arlington House NM	1967
Assateague Island N. Seashore *	1967
Aztec Ruins NM	11-10-64
Badlands NP *	3 - 72
Bandelier NP *	11-30-76
Bent's Old Fort NHS	10 - 75
Big Bend NP	1-29-80
Big Hole NB	1962
Bighorn Canyon NRA *	6 - 71
Big South Fork N. River and NRA	4-23-81
Big Thicket N. Preserve	8-1-80
Biscayne NP *	2-13-79
Black Canyon of the Gunnison NM	12-29-80
Blue Ridge Parkway	2-23-71
Booker T. Washington NM	12-2-80
Boston NHP	5-29-80
Bryce Canyon NP *	5-25-67
Buck Island Reef NM *	10-30-63
Buffalo N. River	10-16-75
Cabrillo NM	7-19-76
Canyon de Chelly NM	7-30-58
Canyonlands NP	5-4-78
Cape Cod N. Seashore	10-7-70
Capitol Reef NP *	1967
Capulin Mountains NM	9-21-64
Carl Sandburg Home NHS	7-31-71
Carlsbad Caverns NP *	2-18-75
Casa Grande NM	1958
Castillo de San Marcos NM	1974
Castle Clinton NM	8-24-60
Catoctin Mountain Park	1967
Cedar Breaks NM	1966
Chaco Culture NHP	11-26-79
Chamizal NM	11-17-70
C and O Canal NHP	1-30-76
Chickamauga and Chattanooga NHP	10-14-64
Chickasaw NRA	11-18-80
Chirichahua NM	1967

Christiansted NHS	11-21-62
Colonial NHP	1970
Colorado NM	4-16-76
Coronado NM	9-14-76
Coulee Dam NRA	7-10-81
Cowpens NBS	7-22-75
Crater Lake NP	12 - 77
Cumberland Gap NHP	3-9-79
Cumberland Island NS *	11-30-71
Curecanti NRA	7-2-80
Custer Battlefield NM	1959
Cuyahoga Valley NRA	2-1-77
Delaware Water Gap NRA *	1966
DeSoto NM	2-25-66
Devils Postpile NM	1941
Devils Tower NM	8 - 59
Dinosaur NM	1964
Edison NHS	4 - 77
Effigy Mounds NM	9 - 63
Eleanor Roosevelt NHS	5 - 80
El Morro NM	1-8-65
Everglades NP	8-21-79
Federal Hall NM	1966
Fire Island N. Seashore	3-9-67
Florissant Fossil Beds NM *	5-5-67
Fort Bowie NHS	9-15-75
Fort Caroline NM	2-5-71
Fort Clatsop NM	1964
Fort Davis NHS	11-1-62
Fort Donelson NMP	1-19-65
Fort Frederica NM	6-4-64
Fort Jefferson NM	3-3-67
Fort Laramie NHS	6-30-66
Fort Larned NHS	11-1-78
Fort McHenry NM	6-25-68
Fort Neccesity NB	1964
Fort Point NHS	9-19-80
Fort Pulaski NM	6-71
Fort Raleigh NHS	2-4-66
Fort Scott NHS	9-67
Fort Smith NHS	5-14-81
Fort Stanwix NM	3-14-67
Fort Sumter NM	9-9-74
Fort Union NM	10-27-64
Fort Union Trading Post NHS	7-7-78
Fort Vancouver NHS	11-8-77
Fossil Butte NM	3-12-80
Frederick Douglas Home	1967
Fredericksburg - Spotsylvania NMP	7-29-68
Friendship Hill NHS	11-15-81
Gateway NRA	7-19-79
General Grant NM	2-24-66
George Rogers Clark NHP	10-6-67
George Washington Birthplace NM	6-6-67
George Washington Carver NM	5-14-65
Gettysburg NMP *	1966
Gila Cliff Dwellings NM	1-22-65

Glacier NP	2-24-77
Glen Canyon NRA	11-21-79
Golden Gate NRA	9-18-80
Golden Spike NHS	12-26-78
Grand Canyon NP	6-25-76
Grand Portage NM	1973
Grand Teton NP	3-19-76
Grant Kohrs Ranch NHS	2-8-80
Great Sand Dunes NM	5-21-77
Great Smoky Mountains NP *	1952
Greenbelt Park *	1967
Guadalupe Mountains NP	10-6-76
Guilford Courthouse NMP	7-17-68
Gulf Islands N. Seashore	9-28-78
Hamilton Grange NM	9-24-68
Hampton NHS *	1968
Harpers Ferry NHP	1965
Hawaii Volcanoes NP	11-7-75
Herbert Hoover NHS	4-1-70
Home of FDR	3 - 77
Homestead NM of America	10-14-64
Hopewell Village NHS	11-4-63
Horseshoe Bend NMP	7-22-64
Hot Springs NP	8-29-78
Hovenweep NM	1953
Hubbell Trading Post NHS	4-15-72
Independence NHP	6-4-71
Indiana Dunes N. Lakeshore	2-22-80
Isle Royale NP	11-6-63
Jefferson N. Expansion Mem., NHS	10 - 64
Jewell Cave NM	12-11-64
J. D. Rockefeller, Jr. Mem., Parkway	12-5-80
John Day Fossil Beds NM	7-9-79
John Muir NHS	6-21-76
Johnstown Flood NM	3-26-79
Joshua Tree NM	8-26-64
Kalaupapa NHS	4 - 81
Kennesaw Mountains NBP	4-25-67
Kings Canyon NP	1971
Kings Mountain NMP	5-25-74
Klondike Goldrush NHP	9-30-76
Knife River Indian Village NHS	9-9-77
Lake Chelan NRA	11 - 70
Lake Meredith RA	7-29-66
Lassen Volcanic NP	3-10-81
Lava Beds NM	3-20-77
Lehman Caves NM	1967
Lincoln Boyhood NM	9 - 81
Lincoln Home NHS	2-10-70
Longfellow NHS	2-22-78
Lowell NHP	11-6-81
Lower St. Croix N. Sc. River	2 - 76
Lyndon B. Johnson NHP	12-15-76
Mammoth Cave NP	9-8-77
Manassas NBP *	1966
Martin Van Buren NHS	2-18-70
Mesa Verde NP	5-17-79

Minute Man NHP	1966
Montezuma Castle NM	8-19-75
Moores Creek NB	1-8-69
Morristown NHP	11 - 76
Mound City Group NM	11-4-65
Mount Rushmore NM	12-29-80
Muir Woods NM	9-19-80
Natchez Trace Parkway	1972
Natural Bridges NM	4-8-64
Navajo NM	1-22-65
Nez Perce NHP	10-19-67
Ninety Six NHS	9-26-80
North Cascades NP	11 - 70
Ocmulgee NM *	1-28-66
Olympic NP	10-18-76
Oregon Caves NM	3-4-75
Organ Pipe Cactus NM	1956
Ozark N. Sc. Riverways *	7-5-66
Padre Island N. Seashore *	10-21-74
Pea Ridge NMP	10-9-63
Pecos NM	12-15-75
Perry's Victory & International Peace Mem.	7 - 65
Petersburg NB	1965
Petrified Forest NP	1967
Pictured Rocks N. Lakeshore	8-12-81
Pinnacles NM	2-4-76
Pipe Spring NM	3-14-78
Pipestone NM	11 - 66
Point Reyes NS	9-19-80
Prince William Forest Park	1964
Pu'uhonua o Honaunau NHP	11-9-77
Rainbow Bridge NM	11-21-79
Redwood NP	4-20-81
Richmond NBP	10-18-71
Rocky Mountain NP	1-9-76
Roger Williams NM	1974
Ross Lake NRA	11 - 70
Russell Cave NM	4-17-63
Sagamore Hill NHS	1963
Saguaro NM	1966
St. Croix Island NM	5-16-72
St. Croix N. Sc. River	8-10-76
Saint-Gaudens NHS	1973
Salem Maritime NHS	1975
San Juan Island NHP	8-25-78
San Juan NHS *	2-12-65
Saratoga NHP	1-8-69
Saugus Ironworks NHS	5-22-68
Scotts Bluff NM	7-6-64
Sequoia NP	1-29-71
Shenandoah NP *	1967
Shiloh NMP	11-18-81
Sitka NHP	2 - 66
Sleeping Bear Dunes N. Lakeshore	10 - 79
Springfield Armory NHS	6-14-71
Statue of Liberty NM *	10-4-68
Stones River NB	6-30-80

Sunset Crater NM *	3-30-65
Theodore Roosevelt Birthplace NHS	1964
Theodore Roosevelt Island NM	5-25-67
Timpanogos Cave NM	4-30-59
Tonto NM	1957
Tumacacori NM	8-6-75
Tupelo NB	1950
Tuskegee Institute NHS	11-14-78
Tuzigoot NM	8-19-75
Vanderbilt Mansion NHS	7-20-75
Vicksburg NMP	4-1-80
Virgin Islands NP *	1965
Voyageurs NP	6-28-79
Walnut Canyon NM	1958
Whiskeytown NRA	6-18-76
White Sands NM	12-15-75
Whitman Mission NHS	1961
William Howard Taft NHS	1-12-81
Wilson's Creek NB	3-30-77
Wind Cave NP	2-28-62
Wright Brothers NM	2-4-66
Wupatki NM	2-20-65
Yellowstone NP	6-11-74
Yosemite NP	12-22-80
Yucca House NM	12-13-61
Zion NP	1-20-77

There are 250 units with approved plans. The asterisk denotes those approved plans now being revised.

Units Without Approved Plans

Alagnak Wild River
Aniakchak NM
Aniakchak N. Preserve
Bering Land Bridge N. Preserve
Big Cypress N. Preserve
Brices Crossroads NBS
Canaveral N. Seashore
Cape Hatteras N. Seashore
Cape Krusenstern NM
Cape Lookout N. Seashore
Channel Islands NP
Chattahoochee NRA
Clara Barton NHS *
Congaree Swamp NM
Craters of the Moon NM
Death Valley NM
Delaware National Scenic River
Denali NP
Denali N. Preserve
Edgar Allen Poe NHS
Eisenhower NHS
Eugene O'Neil NHS
Ford's Theater *
Fort Benton
Fort Matanzas NM
Fort Washington Park *

Frederick Law Olmstead NHS
Gates of the Arctic NP
Gates of the Arctic N. Preserve
George Washington Mem. Parkway
Georgia O'Keeffe NHS
Glacier Bay NP
Glacier Bay N. Preserve
Haleakala NP
Hohokam Pima NM
James A. Garfield NHS
Jean Lafitte NHP
JFK Center for the Performing Arts *
JFK NHS
Kaloko-Honokohau NHP
Katmai NP
Katmai N. Preserve
Kenai Fjords NP
Kobuk Valley NP
Lake Clark NP
Lake Clark N. Preserve
Lake Mead NRA
Lincoln Memorial, D.C. *
LBJ Mem. Grove on the Potomac *
Maggie Walker NHS
Martin Luther King, Jr. NHS
Monocacy NB
Mount Rainier NP
National Capital Parks *
National Mall, D.C. *
New River Gorge N. River
Noatak N. Preserve
Obed W. Sc. River
Palo Alto Battlefield
Piscataway Park
Puukohola Heiau NHS
Rio Grande N. Sc. River
Rock Creek Park
Salinas NM
San Antonio Missions NHP
Santa Monica Mountains NRA
Sewall-Belmont NHS, D.C. *
Thaddeus Kosciuszko NM *
Theodore Roosevelt Inaugural NHS
Theodore Roosevelt Island NM, D.C. *
Theodore Roosevelt NP
Thomas Jefferson Mem., D.C. *
Thomas Stone NHS
Upper Delaware Sc. and Rec. River
U.S.S. Arizona NM
Valley Forge NHP
War In The Pacific
Washington Monument, D.C. *
White House, D.C. *
Wolf Trap Farm Park, Va. *
Women's Rights NHP
Wrangell-St. Elias N. Preserve
Yukon Charley Rivers N. Preserve

There are 83 units without approved plans. The asterisk denotes those smaller National Capital Region areas where needed planning will be accomplished by joint General Management/development Concept Plans. Some of these areas will be treated as part of a GMP for larger units.

AFFILIATED AREAS

Presently there are 27 areas with titles suggesting that they are units of the National Park System. However, these 27 areas are neither entirely federally owned nor administered exclusively by the National Park Service. The majority are either owned or administered by others. The Service does provide technical assistance and resources to the owners of these areas. The Service does not, however, ordinarily prepare general management plans unless specifically directed to do so by the Congress. At present the Service is required to prepare plans for six of these areas with Congressional due dates. These are shown by asterisks.

American Memorial Park, Saipan
Benjamin Franklin NM, PA
Boston African-American NHS, Massachusetts *
Cherokee Strip Living Museum, Kansas
Chicago Portage NHS, Illinois
Chimney Rock NHS, Nebraska
David Burger NM, Ohio
Ebey's Landing NHReserve, Washington *
Father Marquette NM, Michigan
Gloria Dei Church NHS, PA
Green Springs HDistrict, VA
Ice Age NScientific Reserve, Wisconsin
Ice Age NScTrail * (plan being prepared by State of Wisconsin)
Iditarod NHT, Alaska
International Peace Garden, North Dakota-Manitoba
Jamestown NHS, VA
Lewis and Clark NHT, Missouri to Oregon *
McLoughlin House NHS, Oregon
Mormon Pioneer NHT, Illinois to Utah
North Country NST, New York to North Dakota *
Oregon NHT, Missouri to Oregon
Overmountain Victory NHT, No.-So. Carolina-Tennessee-Virginia *
Pennsylvania Avenue NHS, DC
Pinelands NReserve, New Jersey
Roosevelt Campobello International Park, Canada
Saint Paul's Church NHS, New York
Touro Synagogue NHS, Rhode Island

Plans or special studies have been completed on six areas. They are:

American Memorial Park
Ice Age N. Scientific Reserve
Lewis and Clark NHT
Mormon Pioneer NHT
Oregon NHT
Saint Paul's Church NHS

REPORT ON NPS FINANCE AND ACCOUNTING SYSTEMS

Senator McClure. The GAO completed a report in December 1981 concerning the National Park Service finance and accounting systems. The report discusses several system weaknesses. For example, the collection of accounts receivable is not receiving proper attention. GAO states that the National Park Service billings and collections are frequently late by significant margins.

What steps has the Service undertaken to improve the situation?

Mr. Dickenson. Miss Garrett can respond.

Senator McClure. Or do you just say that GAO is wrong, and you haven't done anything?

Ms. Garrett. The particular reference by GAO in their documents to which you referred has to do with a very small part of our total financial program, specifically, the account called the "cooperating association fund," specifically having to do with some events that occurred over the Christmas holidays. Certainly, some of our—unless you're talking about something of which I have no knowledge, I think you're talking only about the cooperative association fund.

Senator McClure. I don't believe we're referring to the Secretary's use of the Lee Mansion for Christmas parties which, unfortunately, has gotten far too much publicity. I have attended various functions in the Lee Mansion under various Presidents and various Secretaries over a number of years. I didn't happen to be invited, and I didn't happen to go to the one Secretary Watt gave, but I was under previous Secretaries, under previous Park Service directors at a variety of times, and I think that's one of the cheapest shots that's been taken in recent months against the Secretary, and I would hope people that have participated in that have at least the grace to be ashamed of what they did, but since it came from where it came from, I doubt that there's either grace or shame.

Ms. Garrett. Yes, sir.

Senator McClure. However, that's not what I'm looking at.

Ms. Garrett. I do have a copy of the report, sir, and we have responded to this report in great detail. I do not know whether it has yet reached the committee. A variety of corrective actions have already been taken as reflected in the report that was prepared for the Congress and GAO.

Senator McClure. Are any 1983 funding increases proposed for the accounting system?

Ms. Garrett. No, sir.

Senator McClure. You think you have sufficient funding to respond to the appropriate suggestions?

Ms. Garrett. Yes, sir. Many of these were simply administrative procedures which needed to be reinforced and tightened up, and I believe that that report, sir, will address each of the issues in great detail.

Senator McClure. We will examine that report.

GAO states that late charges are not being imposed for late payments. Is that correct?

Ms. Garrett. That's what GAO said in their report, but in the response, which I prepared, I addressed that by saying that, where we have accounts receivable, we are beginning to charge interest, not only, sir, on those who owe us funds from outside, but on our own employees who do not pay their travel advances back on a timely basis. We are being directed to charge interest on those, and we have a process in place for doing that.

Senator McClure. How much interest?

Ms. Garrett. It fluctuates, based on whatever the interest rate is at the particular time, we make the collection.

Senator McClure. It may fluctuate, but does it fluctuate between a range of 1 to 3 percent?

Ms. Garrett. No, sir, it would be up in the 13 to 14 percent range. Also we are very, very conscious of not paying our bills too soon, so that we don't make a drain on the Treasury, and we're also very conscious of not being overdue, so that we don't have to pay a late payment, accordingly.

CONCESSIONER COLLECTION PROCEDURES

Senator McClure. One of the examples that they gave, however, was not that small. They gave the example of one single concession contract. Payment amounting to $267,709 was due on December 29, 1980, but was not received until January 13, 1981, 15 days late. If late charges had been assessed, the concessioners might have been more likely to make this payment on time in the future.

Ms. Garrett. Yes, sir. We have worked with the concession staff in the Park Service to tighten up collection efforts from our concessioners. That is one of the areas that was identified in that report.

Senator McClure. Well, I know in talking to a number of people out in the private sector, they're having a heck of a time paying their bills. One of the things they're finding out is that there's a lot of float in the system. No one pays any sooner than they have to. The interest rates are so high, and their financial conditions are so precarious, that they simply delay payment as a matter of course. That's endemic throughout our economy today. But most of the private sector has taken very vigorous steps to decrease the amount of that float and to increase the incentives for the people who owe the money to pay it in a timely manner.

Do I understand that you're doing the same?

Ms. Garrett. Mr. Chairman, we have an aggressive debt collection program. In fact, I recently prepared for the Director's signature, a stronger directive to our field offices reminding them of our responsibility to collect those debts on a more timely basis, including both our concessioners as well as other people who are debtors to us, including our own employees.

DEPOSITING COLLECTIONS

Senator McClure. Well, I'm not so concerned about your own employees. The press may be, but I'm not, and I'm glad that you said it, because they'll take notice of that, while they won't take notice of the other. But I'm much more concerned about the larger dollar volume and the larger financial impact that comes from other sources, and I hope you do follow through on that.

The GAO also stated that collections are not being properly handled after receipt, that often delays of days, up to 63 in one GAO-reviewed case, are encountered before the collections are deposited.

Ms. GARRETT. Yes, sir.

Senator MCCLURE. Why is that?

Ms. GARRETT. Part of this, sir, is that some of the parks where fees are collected are in very remote areas, and we have to weigh the timely deposit of those dollars against what it costs us to have staff tied up to drive 100 miles to a Federal Reserve Bank or to get those funds mailed. And in our response on that particular item, we spent quite a bit of time addressing some of the problems we have in remote areas. You know, we can't run to the bank every time we collect $10 or $20.

Senator MCCLURE. Almost everybody else does.

Ms. GARRETT. It is true, if we're in a city, that we can do that, but if we're in a very remote area, we either have to mail those receipts——

Senator MCCLURE. And you don't trust the mail, or is it a 63-day delay because you trusted the mail? [Laughter.]

Ms. GARRETT. We do trust the mail, but also we tried to combine our trips into town. For example, maybe we will go just once a week, and we'll take our deposits in when we go.

Senator MCCLURE. Sixty three days? I don't think anybody's questioning the once a week, if that's what it is.

Ms. GARRETT. Yes, sir, that particular case occurred in one of our regional offices. The only thing I can say to you is that we have tightened up the procedures and made sure that our regions are more timely in getting those receipts in, but I want to leave the point that in some cases we simply cannot get them in as often as Treasury would like, because of the remote locations of the areas where the collections are made.

Senator MCCLURE. Are you utilizing the availability of the exception to the deposit by agencies in the nearest Federal Reserve Bank? If the agencies are not located near the depositories, you're authorized to use an alternative commercial bank?

Ms. GARRETT. Yes, sir, in our followup after the GAO report, we reminded our regions and our parks of that responsibility. And yes, we are using the Federal Reserve Bank.

YOUTH CONSERVATION CORPS

Senator MCCLURE. The 1982 appropriations bill includes language authorizing the Service to use up to $3 million but not less than $1 million to carry out a Youth Conservation Corps program. What are the Service's plans for the program, and would the Service favor a continuation of this kind of language?

Mr. DICKENSON. Yes, sir. Since the funds involved must be taken from the existing appropriations, we've determined that we will, indeed, meet the minimum level of $1 million on a decentralized basis. The responsibilities are placed at the regional and individual park level. I fully expect, as soon as we get the reports in from our field areas, that it will exceed $1 million. I can say, categorically, it will not reach the $3 million level, but we intend to have a program. We think highly of the YCC program, Mr. Chairman, and it performs a very useful function for the National Park Service.

Senator McClure. Does this give you sufficient flexibility to carry out a range of activities without requiring you to meet a specific dollar level? That idea of the range of not less than or more than, is that a useful device?

Mr. Dickenson. In my opinion, it does, Mr. Chairman. I appreciate the kind of flexibility that the Congress wrote into the appropriations act.

Senator McClure. Senator Jackson has a number of questions that he asks that I submit to you on that point. Those will be submitted for responses in writing.

REDUCING NATURAL PROGRAM FUNDS

Mr. Dickenson. Thank you, sir.

Senator McClure. The natural program includes activities such as rivers and trails inventory work, State wild and scenic rivers, nominations, and other activities related to the National Register of Natural Landmarks. The Service proposes to reduce funding for this program by $505,000 from the 1983 base level. That's a 30-percent reduction.

What impact will this reduction have on the wild and scenic rivers program?

Mr. Dickenson. It means, Mr. Chairman, that we will continue and will complete the studies which have been congressionally directed. I believe the figure is 18 studies that are currently or soon will be underway. The money that would be provided by this budget would continue those. It would not provide for any additional study, inventorying, or identification of new candidate rivers or trails. In other words, it would take care of the existing obligations that we have to Congress.

Senator McClure. Well, let me ask the question in a different fashion. What level of requests do you have for review from State designations?

Ms. Garrett. The funds that are left in this program, Mr. Chairman, would be only for those rivers and trails studies that have been directed by the Congress. For any that have to do with State designation, there would be no funds left in the program to do that.

Senator McClure. If Congress wants to maintain a cooperative program with the States in such a designation, we'd have to put the funds back in; is that correct?

Mr. Dickenson. Yes.

Senator McClure. The Service has proposed to transfer $960,000 from the operation of the national park system account to this account in 1983, in order to combine the rivers and trails program in one account. What are the functions associated with the transfer and will the dollar amount or the functional level be reduced in 1983?

Ms. GARRETT. The answer to the second part of your question is, no, the funding level is not being reduced. The answer to the first part of the question is that the reference I made a moment ago to the studies that would be conducted in fiscal year 1983 that were directed by Congress would be funded by that $967,000. It's the 18 studies that the Director mentioned which would be funded by that money.

Senator MCCLURE. What's the reason for the combination of accounts? Why did you decide to do that?

Ms. GARRETT. When we consolidated with the former HCRS, HCRS had a rivers and trails component and the Park Service had a rivers and trails component. It made sense to us to put them together in this particular account, as opposed to leaving them where they were. This way we have one focal point for rivers and trails in the National Park Service.

Senator MCCLURE. Senator Bumpers may have a question or comment he'd like to make. I particularly appreciate his interest.

ADMISSION PERMITS FOR HUNTING, FISHING

Senator BUMPERS. I'll just take a second, Mr. Chairman. On February 22, the Park Service submitted legislation dealing with increased user and entrance fees. Four or 5 days later, Secretary Watt asked that the legislation be withdrawn. As I understand it, the withdrawal was because of a so-called misunderstanding which would have authorized admission permits for hunting and fishing on Federal lands. Are you withdrawing the entire legislative proposal or only that part of it dealing with hunting and fishing permits?

Mr. DICKENSON. My understanding is that the entire legislative package has been withdrawn.

Senator BUMPERS. When can we expect to get another proposal back?

Mr. DICKENSON. I don't think any timetable has been established for the resubmittal of that.

Senator BUMPERS. But it is your intention to resubmit one?

Mr. DICKENSON. It is the administration's intent to resubmit that; yes, sir.

Senator MCCLURE. I thank the Senator for raising that issue, because I think the Secretary was shocked at what was in that legislation that came up.

Senator BUMPERS. I was shocked too.

Senator MCCLURE. I called Secretary Watt, and I said, "Have you read what you sent up?" He said, "I read the letter." I said, "No, did you read the legislation?"

Senator BUMPERS. It was very comprehensive.

Senator MCCLURE. He had not, and he was as shocked as I, I think.

Mr. DICKENSON. I expressed some shock myself too, Mr. Chairman.

PARK RESTORATION AND IMPROVEMENT

Senator BUMPERS. Russ, you've stated in your statement that you're asking for $105 million for the park restoration and improvement program, but I understood, when Secretary Watt was here on March 2, that you were going to request or were requesting $191 million. Is this a revision? Is your statement today a revision of what Secretary Watt said?

Mr. DICKENSON. No, sir. The Secretary and the departmental staff simply add up some additional features and come out with a total of $191 million. That includes some regular kinds of maintenance money which is part of our base. The Secretary is perfectly correct in including that, because all of that does contribute to the restoration, improvement, and maintenance of the National Park Service.

What I tried to highlight here was simply the kind of new initiative and the new dollars that are required.

Senator BUMPERS. The difference between the two figures has nothing to do with any anticipated money you expect to get out of the Land and Water Conservation Fund for this program?

Mr. DICKENSON. It does not, sir.

Senator BUMPERS. It does not?

Mr. DICKENSON. We are dealing entirely with the maintenance and operational money.

BUFFALO NATIONAL RIVER

Senator BUMPERS. Let me ask you a very specific question now. For the Buffalo River, it's estimated that we lack about $10 million in acquisition funds. Actually, we've got about $2 million left for the Buffalo in authorizations, but it's estimated that the cost of completion is going to be close to $10 million. Could you give me any kind of a rundown? Are there some cases there, where a condemnation has been filed, or where the money has not been paid to the landowners?

Mr. DICKENSON. I can find out real quickly.

[Pause.]

We understand there are some cases pending on condemnation at Buffalo.

Senator BUMPERS. I understand that 3,000 out of the remaining 5,000 acres are under condemnation. Apparently none of those cases have been concluded, and the Government owes the landowner money; is that correct?

Mr. KRIZ. They have not been concluded as far as I know. I don't believe there are any judgments that are unpaid at this time.

Mr. DICKENSON. We're prepared, through reprogramings, to meet our obligations. As a matter of fact, that's the thrust of our 1983 fiscal year budget this year in the Land and Water Conservation Fund area, to assure through that $59 million-plus request that we can have the flexibility to meet the obligations of the United States.

Senator BUMPERS. Are you going to ask for any additional authorizations this year for the Buffalo? We don't have enough authorization there. You can't pay for it unless it's authorized, and you've only got about $2.3 million left in authorization, haven't you?

Mr. KRIZ. Sir, we think we can ask for additional appropriations under Public Law 95–42, which enables us to exceed the ceiling.

Senator BUMPERS. Will you have the money to do that, in case you have to ask for that?

Mr. KRIZ. If we need the money, we would expect to provide it through reprograming.

Senator BUMPERS. And you can do that in excess of the present authorization?

Mr. KRIZ. Yes, to the extent of $1 million or 10 percent of the ceiling per fiscal year, whichever is greater.

Senator BUMPERS. Of course, I want to complete this project at the earliest possible time. I'd like to get that thing completed and get it over with, because every year I have to come back down here and worry about it. It's my understanding that we lack almost $10 million in acquisition funds. We lack something between $7 and $8 million right now in authorization. Could you please send me a little summary of the Buffalo's remaining acquisition needs to my office? I'm not asking you to submit this for the record or anything else. Will you just send a summary to my office, so I'll have idea where we are? I'd appreciate it.

Mr. DICKENSON. We will.

Senator BUMPERS. Thank you, Mr. Chairman.

REVIEW OF DEFERRAL OF ACQUISITIONS

Senator MCCLURE. I might just say to the Senator, Buffalo River is a good example of the kind of problems we encounter. Congress authorized certain boundaries, we've been involved in different acquisition schedules and different boundaries for different park units. I think it's time for us to kind of take a look at what it is that's going on throughout the Government with respect to a rational plan for the deferral of acquisitions, if indeed that's going to be our policy.

I share the Senator's concern, but I know his concern is much wider than just the Buffalo River, as is mine. I am a little concerned that we may not have flip-flopped too vigorously. I refer to the decision to abandon acquisition and move to the rehabilitation, repair, and betterment of the Park Service systems. For a decade I went along with the idea there was time for us to acquire, and we could defer the development. I also agree with the current administration's decision that we've done that long enough. We had so focused on acquisition that we were allowing deterioration in areas that we already owned. Perhaps we got more ambitious than the budget could sustain. I see some signs that at least in some quarters there's no end to that ambition, but I'm a little concerned that having now made that decision, both administratively and acquiesced in, if not supported by the Congress in its appropriations, that the administrators of the system may not have eagerly embraced it in spirit as well as literally. Some attidudes seem to be—"Well, if that's what it is, we'll do it." "Go with the flow." "Go where the money is." "If that's what they want, that's what they get." "Since that's where the money's going to be, we have an unending list of ways to spend that money."

There are certainly going to be criticisms of any policy that's adopted, but we're beginning to see a focus of that criticism, as people look at your construction priorities. I want to ask two or three questions that deal with that general area, and I wanted to lay the preamble so that you know why I'm asking the questions.

We understand that the Service has an annual priority listing of all potential planning and construction projects. Are all of the health and safety projects that are on that list included in your 1983 construction proposals?

Mr. DICKENSON. No, sir.

Senator McCLURE. Why not?

HEALTH AND SAFETY PROJECTS

Mr. DICKENSON. Well, the total list of health, life, safety-related projects, Mr. Chairman, that we submitted to the Congress last year, to the best of our knowledge, totaled $472 million at that particular time. For a variety of reasons, it is impossible to deal with all except the highest of the priorities of that list. I can say those projects which are at the appropriate planning stage, those which we're in a position to move promptly ahead on, have been included in our current proposal to the Congress. So we've staged and phased to the best of our ability the life-health-safety projects that we're aware of, and we believe we have those on schedule.

ROADS AND BRIDGES

Senator McCLURE. By our calculations, over 50 percent of your total 1983 construction project listing is for roads and/or bridges. We would assume that some of those are proposed for 1983 obligation simply because they were ready, not solely because of their priority; is that correct?

Mr. DICKENSON. The kind of road and bridge projects which have been included in our current budget have been very carefully considered. Bridges, for example, have been examined by the Federal Highway Administration and have been deficient from a safety standpoint. The roads are either defective in design or they are absent guardrails or there are other features which produce a high accident risk.

Senator McCLURE. Do you take Federal Highway Administration's recommendations, or do you apply your own?

Mr. DICKENSON. No, sir, we work very closely with the Federal Highway Administration, in terms of the corrections of hazards. All bridge inspections are conducted by the Federal Highway Administration.

FEDERAL HIGHWAY ADMINISTRATION RECOMMENDATIONS

Senator McCLURE. All right. Isn't there a danger of accepting road standards that are inappropriate to some units of the Parks? For example if you have a different kind of highway usage which may be low-speed viewing, rather then simply transportation?

Mr. DICKENSON. Mr. Chairman, this is taken into account.

Senator McCLURE. By whom? By you?

Mr. DICKENSON. By the Federal Highway Administration, the traffic load.

Senator McClure. I think the Federal Highway Administration would be the last place you'd ask that question. I would think your own people would be the first ones.

Mr. Dickenson. We work right with them. We provide the basic traffic volume data. We go right with the inspectors.

Senator McClure. Well, I would invite you to review that policy consideration, because my experience with the Federal Highway Administration is that, naturally, they're engineers. Engineers love to build things. They build and rebuild even when it's not necessary to rebuild. And if they can change the standard on a highway by saying alinement or site distance justifies reconstruction, they'll do it.

Now those standards may be appropriate for a highway where transportation is the goal for getting from point A to point B is the reason the highway is there, but it may be totally inappropriate to a road that is there for visitation purposes rather than transportation?

Mr. Dickenson. I understand your point very well, Mr. Chairman. Certainly, that's a source of concern to us too. We do not want to apply inappropriate standards to the structures and facilities of national parks which have a different level of use. We're aware of that. I can cite to you examples where our own staff, our own professional staff have challenged the kinds of recommendations that have come from the Federal Highway Administration, resulting in debate and negotiation and resolution, and so we do not accept this blindly. There is a cooperative relationship, and the reason that we utilize this expertise in that fashion is it means we would have to have an extraordinarily high level of professional manpower of our own, and it's easier to use it this way.

Senator McClure. It might cost you less in the long run.

Mr. Dickenson. Well, I submit, Mr. Chairman, we are satisfied with the kind of intermittent inspection techniques that we're employing now. It's not on an annual or biennial basis unless a facility is in need of reconstruction or has been declared in an unacceptable condition. Normally it is put on a 3-year cyclic reinspection basis.

Senator McClure. I understand, but I'm going to be listening very carefully to those people who come in and criticize the road-building standards, whether or not you're reconstructing roads to a higher standard than is necessary.

Mr. Dickenson. I appreciate that, Mr. Chairman. If I may, Mr. Chairman, I would like to insert for the record a statement on our park rosad standards.

[The information follows:]

PARK ROAD STANDARDS

The National Park Service has developed standards for public use roads relevant to appropriate type and use. These standards were approved by former Secretary of Interior Udall, and published in 1968.

The Federal Highway Administration has been asked by the Service to inspect all roads and to test these roads against the Service's own road standards. Each park manager has the responsibility of reviewing the roads with FHWA inspectors and of selecting an appropriate standard relevant to use and in concert with park road standards.

While a park road standard is relevant in terms of aesthetic needs, it may not address the proven safety need of a roadway which has deteriorated or when a park roadway is being over burdened by trafic. When the structure of the roads has deteriorated, it then becomes a hazard to the driver or passengers in a motor vehicle.

Since the standards were developed, the use of the parks has increased in monumental proporations. Roads as well as other facilities have had to be expended in their capability to support this additional impact on the parks.

In order to conform to NPS park road standards with these increased travel loads on roads which have deteriorated structurally, park managers are forced to reduce speed limits. Park road standards are based on use and speed.

The affects of this reduced speed are additional requirements for regulatory and warning signing and law enforcement personnel to assure that this posted speed is maintained. Also, carrying capacity is affected. Reducing or impeding access to and egress from parks causes traffic jams, additional public use of already taxed facilities, congested park roads, and subsequent higher operational costs.

OLYMPIC NATIONAL PARK ROAD

Senator McClure. I have not made any final decision, obviously, but you can tell where my biases may lead me, and there may be some who hear this who will then try to play to my biases. I'll be careful of that. [Laughter.]

Mr. Dickenson. If I may, sir, I'll tell you about one instance with which I'm very familiar. That includes the road on the north side of Olympic National Park on the Olympic Peninsula, which is used jointly by visitor-use traffic to Olympic, as well as logging truck traffic. And this is a narrow, winding paved road.

Senator McClure. I've traveled it.

Mr. Dickenson. And that is an experience for most people that is unforgettable. We're not going in and reconstructing, because among other things, that's physically impossible, and fiscally, it's just not appropriate to try to rebuild that, but in conjunction with the Federal Highway Administration, we have gone to the locations, as proven by accident factors and careful examination, and we are now working to ease curves and to widen the road at appropriate locations. In other words, fit the solution to the problem.

Senator McClure. I would understand, if we can look in that particular area, there are two examples which I think are very good to use. One is the road to which you make reference, in which logging trucks go from point A to point B, and it is primarily used for transportation, in contrast to another road within the same area that's primarily used for visitation. And the visitation road is even narrower and even more crooked and doesn't need to be changed.

Mr. Dickenson. I agree.

Senator McClure. I think that there are those difficulties where joint use is apparent. I've watched Park Service personnel trying to clean trash along that road and thought to myself, you couldn't pay me enough to walk along that road.

Mr. Dickenson. I understand your point, Mr. Chairman, and it is well-taken.

PRIORITIES OTHER THAN ROADS AND BRIDGES

Senator McCLURE. In response to my question you indicated that all of the highway and bridge projects have been carefully reviewed, but you carefully avoided answering as to whether or not they had priority over other construction projects. Now I have no doubt that you establish priorities on the highways and bridges, but do they in every instance have priority over sewer and water projects that are not on the list?

Mr. DICKENSON. Yes, sir. The regional directors and I meet annually in order to evaluate the kind of systemwide priorities, to the best of our professional ability, based upon the kind of insight that the superintendents also bring to this. That represents our best judgment as to the hierarchy of needs that we face right now.

Senator McCLURE. I understand that process, but what I have reason to believe and, therefore, have asked is that in some instances projects have moved up in the construction schedule simply because they're ready while others that are further up in the priority schedule have been deferred because the planning was not complete.

Mr. DICKENSON. Well, that conceivably might be true. I accept that kind of statement and rationale.

Senator McCLURE. And that tends, in this instance, to favor highway construction over sewer and water construction.

Mr. DICKENSON. Not necessarily, Mr. Chairman, not necessarily. The presence or absence of plans, the availability of plans is an expression of priority within itself, a recognition of that at an early stage. If we are ready to go with a particular project, that's because it was recognized at an earlier stage, and we were able to advance the planning to where we were ready. We would not deliberately in this budget presentation make that kind of arbitrary judgment.

Senator McCLURE. Well, I hope that that's correct, although, again, I am a little dubious about that. Some of the information that comes to me more indirectly or perhaps I should say more directly would indicate some criticism of the process that has yielded a bias in favor of highway construction on the basis of readiness because of planning. I am concerned that if that is the case, we ought not to do so blindly. Perhaps if it is the case, we ought to say so candidly to defuse some of the legitimate concerns that will be expressed if it is perceived that there is a priority of highway building as against other safety- and health-related questions.

Mr. DICKENSON. I assure you, Mr. Chairman, I would so express, if it were so. We are trying to apply our best judgment to the hierarchy of need.

Senator McCLURE. I am a little concerned, too, that we don't go through a period when the administration has given a high priority to the Park Service facilities, but park managers take advantage of that opportunity to squeeze in things that are not health- and safety-related. I note such things as increasing visitation facilities, things of that nature, which are not really necessarily related to health and safety. They may or may not be. If the pattern develops that you have given a priority not only to health- and safety-related projects, but to other projects as well, you've entered a different phase of discussion, whether increased visitation facilities have priority over acquisition, for example. If we're going to make that decision, we ought to discuss it and make a joint decision between the administration and the Congress.

CYCLIC MAINTENANCE

Mr. DICKENSON. Well, let me suggest to you, Mr. Chairman, that health and safety is one element of the park restoration and improvement program. There are other features of that program which involve cyclic maintenance, cyclic being those activities which occur on a repetitive time-fixed basis, replacement of roofs——

Senator MCCLURE. Cyclic maintenance will refer primarily to those facilities which are already in being.

Mr. DICKENSON. Already in being; absolutely, sir. As a matter of fact, there are very few new facilities proposed in this budget. What we are doing is dealing with the maintenance, restoration, and improvement of existing facilities for the most part, except in the capital investment program itself, which is a separate issue. That's the construction program item. Within the park restoration and improvement program too, Mr. Chairman, we deal with the historic restoration activity, the restoration of historic buildings, so we're dealing with a broad spectrum of need not strictly related to health and safety. That's only one element of that, but one to which we've tried to give very, very high priority.

Senator MCCLURE. Could you tell me how much of your estimate is not related to health and safety and cannot be related simply to cyclic maintenance? I'll give you a couple of examples of what I've been looking at. One is in the Guadalupe Mountains National Park. You're proposing to construct the trail system, phase 4. That apparently is not related to any of the other categories to which you made reference. The Jefferson National Expansion Memorial, rehabilitate the exterior of the old courthouse. That's restoration rather than maintenance, is it not? And that means that there is a priority, at least in some instances, to things that are not health and safety and not routine maintenance.

Mr. DICKENSON. Yes, sir.

Senator MCCLURE. The Martin Van Buren National Historic Site, you're going to rehabilitate a historic structure. Now that isn't simply preservation of a historic structure, it's upgrading an existing structure.

Mr. DICKENSON. As I tried to make clear, the health and safety aspect is only one category of our overall restoration and improvement program. We're dealing with visitor service facilities, we're dealing with administrative facilities, in terms of the kind of work that is needed to be done but may not be strictly justifiable as a life, health, or safety project.

Senator MCCLURE. Could you give a listing for the record of what you believe is in the category of health and safety, what lies within the category of routine or cyclic maintenance or what lies in restoration or betterment of the visitation facilities? In some cases, increased visitation will make demands because of heavier usage. In other places, you install facilities which create increased visitation.

Mr. DICKENSON. That's certainly true, sir. In the case of interpretative exhibits, for example, there are some facilities in which the actual building has been completed in which there are no usable interpretative facilities inside. So we can categorize this for you to give you a better understanding.

Senator MCCLURE. If you would do so, I would appreciate it. I think it will enable us to focus on what the priorities are and what the policy choices are. I know it will undoubtedly be done by those who question the movement away from acquisition, and I think it's a good way for us to focus the debate upon what it is that the policy choices really are.

[The information follows:]

National Park Service
Line Item Construction Projects by Category

Health and Safety Projects
Fiscal 1983 Regular Construction Program

			($000's)
Allegheny Portage Railroad NHS	115	Replace Unsafe Maintenance	499
Booker T. Washington NM	101	Construct Fire Alarm System	87
Denali NP and Preserve	116	Underground Fuel Storage Facilities	950
Gateway NRA	149	Rehabilitate Great Kills Seawall (Phase I)	3,673
Glacier Bay NP and Preserve	106	Rehabilitate Bartlett Cove Dock	1,170
Glen Canyon NRA	281	Complete Marina and Support Facilities (Replace Rainbow Marina) (Phase III)	3,883
Grand Canyon NP	411	Modifications to Roaring Springs Pump House	406
Grand Teton NP	310	Improve Beaver Creek-Moose Water System (Headquarters)	474
Montezuma Castle NM	124	Relocate Sewage Lagoon	393
National Capital Parks-Central	427	Repair Kutz Bridge	3,900
North Cascades NP	269	Rehabilitate Water and Sewer Systems, Diablo Lake	668
Olympic NP	261	Lake Crescent Highway Reconstruction (Phase II)	4,061
Prince William Forest Park	135	Rehabilitate Utilities, Cabin Camp I	555
Rocky Mountain NP	232	Rehabilitate 3 Water Systems	1,518
Shenandoah NP	125	Reconstruct Portions of Skyline Drive (35 Miles) South District (Phase I)	4,001
Yellowstone NP	620	Rehabilitate Purchased Concessioner Facilities (Portion)	7,499
Yosemite NP	363	Fire Protection Wawona Hotel Complex	2,358
		Subtotal	36,095

Health and Safety
Fiscal 1983 Park Restoration and Improvement Program

Amistad RA	124	Upgrade Utility Systems, Pecos Canyon	876
Buffalo NR	164	Rehabilitate Roadways and Campsites, Buffalo Point	927

Chickasaw NRA	156	Reconstruct Deteriorated Park Roads	1,725
Gateway NRA	150	Rehabilitate Road System (Sandy Hook)	1,965
Great Smoky Mountains NP	266	Reconstruct Two Bridges at Tremont	1,480
Haleakala NP	821	Headquarters Water and Fire Protection System	2,096
Hawaii Volcanoes NP	110	Widen and Resurface 4 Miles of Park Road	1,572
Mesa Verde NP	101	Build New 5.3-Mile Entrance Road to Bypass Slide Area	8,621
Padre Island NS	156	Reconstruct Deteriorated and Unsafe Sections of Main Road	1,136
Petrified Forest NP	140	Reconstruct Deteriorated Mainline Road	2,882
Petrified Forest NP	150	Protect Water System and Park Road	295
Point Reyes NS	191	Rehabilitate Water Storage Facilities	426
Scotts Bluff NM	111	Construct Waterline and Pumping Station	507
Shenandoah NP	118	Reconstruct Portion Skyline Drive (35 Miles) Central District (Phase II)	2,160
Theodore Roosevelt NP	148	Rebuild 6-Mile Entrance Road (North Unit)	4,043
		Subtotal	30,711
		Total FY 1983 Health and Safety	66,806

Fiscal 1983 Line Item Construction Projects Which are not Primarily Health and Safety Oriented

Resources Protection

George Rogers Clark NHS	119	Repair Memorial Roof, Walls	670
National Visitor Center	--	Reimburse Deferred Fiscal 1982 Projects	3,189
Rock Creek Park	206	Rehabilitate Retaining Walls	1,724
Cape Hatteras NS	175	Construct Groin to Protect Lighthouse	1,200
Grand Teton NP	104	Improve Day-Use Facilities, Leeks Lodge	1,861
Jefferson National Expansion Memorial NHS	201	Rehabilitate Exterior of Old Courthouse	2,266
Martin Van Buren NHS	102	Rehabilitate Historic Structure	878

Mesa Verde NP	117	Construct 11 Ruins Shelters and Provide Exhibits, Chapin and Wetherill Mesas	4,144
		Subtotal	15,932

Facilities Rehabilitation

Grand Teton NP	201	Rebuild 7.5-Mile Balance of Colter Bay - North Boundary Road	3,013
Chaco Culture NHP	139	Reconstruct Tour and Circulation Roads	2,751
Perry's Victory and International Peace Memorial	101	Memorial Column Rehabilitation (Phase II)	2,444
Rocky Mountain NP	106	Rebuild 11-Mile Phantom Valley - Grand Lake Section of Trail Ridge Road	8,904
Wupatki NM	103	Reconstruct Sections of Main Loop Road	3,303
		Subtotal	20,415

New Facilities

Guadalupe Mountains NP	110	Construct Trail System, Phase IV	1,664
Voyaguers NP	158	Construct Breakwater, Docks, Parking, Comfort Station, Picnic Sites, Road and Utilities, Black Bay	2,690
		Subtotal	4,354
		Grand Total	107,507

ATTENTION TO AREAS ALREADY IN SYSTEM

Mr. DICKENSON. I wonder if I could just comment on that, Mr. Chairman, please? Certainly, you have to look at acquisition from two standpoints, I believe. One is the authorization of new and additional areas to this system, and I think you stated it very well. We've been through a period of very rapid expansion, and certainly many, many very, very fine candidate and worthy areas were added to the national park system. I believe also that the period of consolidation that we are in now is appropriate, in which we can turn our attention to better taking care of the kinds of things that have already been authorized.

As the National Park Service Director and as a professional in the field, I don't know of any candidate area today, that ought to be brought to the Congress attention for study or for addition to the national park system. We do have an extraordinary backlog of already authorized areas that need to be completed. That's where the attention really needs to be given, in terms of the Land and Water Conservation Fund. For that purpose, we have under study and nearing completion a proposed land protection policy, which will take the emphasis away from, for the time being at least, the fee simple acquisition and to look to other kinds of techniques. We're pretty far down the line on that.

So that just to say that here is an obligation on the part of the Federal Government to the people of the United States, here we have authorized areas that we need to work diligently to complete, but at the same time we also need to be working diligently to make sure that those parks do not further deteriorate, and that they are, indeed, up to serving the American people.

So I understand fully what you're saying, but I make only the distinction between the authorization of new and additional areas versus the responsibility we have to complete the job of rounding out the areas already authorized by the Congress itself.

Senator MCCLURE. I appreciate your statement, and I particularly appreciate the careful look at alternatives to fee simple acquisition. We've run into a number of problems where we've tried different alternatives. Point Reyes is a good example, but there are still some opportunities there.

The Santa Monica Mountains, I think, is a good example of an opportunity where we'd better explore that as a possible lower cost option that will do 90 percent of what we want done at 60 percent of the cost, if I can just pull figures out of the air without attempting to justify either. I would like to put you on notice that in the Land and Water Conservation Fund hearing in April, we will want to review between now and then and perhaps at that hearing, every project proposed, in detail, with maps of the boundaries as authorized for the acquisitions to date, with the parcels that are still waiting acquisition, and some idea of the dates of acquisition. There may be some instances in which Congress ought to look back at some of those projects and say some of the peripheral area boundaries could be changed or the fee acquisition policy on some of the tracts might be changed.

I don't know that you'll be ready to make a project by project recommendation, but at least we can have an update as to where we stand.

Mr. DICKENSON. Fine, sir.

Senator MCCLURE. And of course, there is always the question that we've had raised at times in the past, both of the Park Service and the Forest Service, in which less than fee has been offered and turned down. There will be some examples of that, I suspect, to be brought up at the April hearings as well.

I am a little puzzled to know why the Park Service might be in the acid rain study.

ACID RAIN

Mr. DICKENSON. We are part of an intergovernmental effort, Mr. Chairman.

Senator MCCLURE. Who is in charge of that effort?

Mr. DICKENSON. May I call on Dr. Briceland?

Senator MCCLURE. When I say "in charge of," I don't mean just on behalf of the Park Service. You say it's intergovernmental.

Mr. DICKENSON. It involves a number of agencies of which we are a part.

Senator MCCLURE. Who is the lead agency?

Dr. BRICELAND. There are 11 agencies, Mr. Chairman. The steering committee is comprised of the Department of Agriculture, the EPA, and NOAA. CEQ serves as the executive secretariat.

Senator MCCLURE. What part will the Park Service play in that study?

Dr. BRICELAND. Our role is primarily with assessing the impacts of acid precipitation in three areas. One is the impact on materials. This would be, for example, monuments, plaques, statues, and so forth. We have the lead role for the whole Government in this category. The other two categories that we're active in, rather the three areas we're active in, first is that of monitoring acid precipitation in the parks.

Senator MCCLURE. In all the parks?

Dr. BRICELAND. No; we have monitors now in 22 of the national parks.

Senator MCCLURE. Can you provide for the record a list of those?

Dr. BRICELAND. Yes, sir.

[The information follows:]

NATIONAL PARK SERVICE UNITS WITH NATIONAL ATMOSPHERIC DEPOSITION PROGRAM MONOTORING SITES

Denali National Park, Organ Pipe Cactus National Monument, Sequoia/Kings Canyon National Park, Buffalo National River, Rocky Mountain National Park, Everglades National Park, Isle Royale National Park, Glacier National Park, Great Smoky Mountains National Park, Big Bend National Park, Olympic National Park, Yellowstone National Park, Yosemite National Park, Theodore Roosevelt National Park, Grand Canyon National Park, Shenandoah National Park, Indiana Dunes National Lakeshore, Mesa Verde National Park, Cape Cod National Seashore, Hawaii Volcanoes National Park (NOAA site), Crater of the Moon National Monument (BLM site), and Acadia National Park (State of Maine site).

BUDGET REQUEST

Dr. BRICELAND. In addition to monitoring the deposition levels, which is part of a program called the national atmospheric deposition program, we are also studying the effects of acid precipitation both on our terrestrial resources and on our aquatic resources; these are activities which are just beginning in this fiscal year and which will be expanded next fiscal year. Those are the primary areas that the National Park Service is involved in.

Senator MCCLURE. If we want details with respect to the overall program, we should address our questions to CEQ, or should it be to NOAA, or should it be to Agriculture?

Dr. BRICELAND. The CEQ is the executive secretariat of what is known as the U.S. Interagency Task Force on Acid Precipitation. We would be glad to furnish you with information that we have on the overall program, but CEQ normally would be the place to go to for the total overview.

Senator MCCLURE. Is there a single project director or coordinator? "Secretariat" more or less implies that they're the keeper of the records but not the decisionmaker. I'm looking for the decisionmaker.

Dr. BRICELAND. If you like, I will advise you as to who that is.

Senator MCCLURE. I'd like to know. Apparently you would to. Together we'll find out.

Dr. BRICELAND. I have the name at my office. I just don't have it with me.

[The information follows:]

COUNCIL ON ENVIRONMENTAL QUALITY

The individual at the Council on Environmental Quality who has responsibililty for coordinating this activity is Chris Bernabo.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. Thank you. If you would, we'd like to followup on that. We'd like to make sure that the job is done, but make sure too that we don't duplicate activities a lot of different places. It's a popular project now, so everybody can get a little piece of the action.

Thank you very much. There will be other questions to supply for the record.

I'm delighted that things on the floor were decided and we were not interrupted.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Public Affairs

Question: You are proposing a reduction of $554 thousand in public affairs activities in 1983 (page 16). This is in addition to a 1982 reduction of $750 thousand made by this Committee and a proposed FY 1983 transfer of $250 thousand from another appropriation account. What does this leave, in total for Public Affairs activities in the parks, in the regional offices, and in Washington? How many FTE (staff years) are associated with this reduction? What will be the result of this reduction -- that is, what product or output will be reduced? Why does the Service budget its public affairs activities out of the Park Management program, rather than in its General Administration program?

Answer: The National Park Service is not proposing to reduce Public Affairs activities in fiscal 1983. The $554,000 reduction will be taken against Washington and Regional Office support functions but will not affect Public Affairs. The language on page 16 was included in the Service's fiscal 1983 budget at the time it went to the Office of Management and Budget. It was the Service's intention at that time to reduce this function. However, this action was superseded when the fiscal 1982 appropriation was finalized including a reduction in Public Affairs of $750,000. The fiscal 1983 funding request was adjusted to reflect this change, but striking the language on page 16 was overlooked.

A major function of the National Park Service's Public Affairs Program is to provide information to the public on the park areas. The Service does not consider such an activity to be either an overhead or administrative function. Accordingly, the Public Affairs activity is funded under the Park Management function rather than the General Administration function.

Interpretation and Visitor Services

Question: The Interpretation and Visitor Services activity is proposed for a decrease of 155 thousand dollars (-0.3 %) and 14 FTE (-0.7%). The major decrease is a reduction in visitor transportation system funding (-1 million, eight hundred and fifty thousand dollars) (page 23). What parks will be affected by this reduction. Which parks will likely to have this service provided by private non-Federal companies in future years?

Answer: The Administration believes that specific beneficiaries of Federal services should pay more of the costs associated with the provision of the benefit in order to reduce the burden on the general taxpayer. To this end, the Administration is proposing to phase out the Federal subsidy of visitor transportation systems operating in national park areas, with the exception of the shuttle bus system in Denali National Park. The Service currently operates visitor transportation systems in the following areas:

Carl Sandburg Home National Historic Site
Colonial National Historical Park
Cumberland Island National Seashore
Devils Postpile National Monument
Denali National Park
Dinosaur National Park
Everglades National Park
Fort Matanzas National Monument
Gateway National Recreation Area
Grand Canyon National Park
Grand Teton National Park
Kennesaw Mountain National Battlefield Park
Lyndon B. Johnson National Historic Site
Mesa Verde National Park
North Cascades National Park
Point Reyes National Seashore
Redwood National Park
Rocky Mountain National Park
Sunset Crater National Monument
Yosemite National Park

During fiscal 1982, the Service will initiate a park-by-park analysis of visitor transportation system operations to determine appropriate management alternatives for each system. These alternatives may include the implementation of user fees sufficient to cover operating expenses or operation of the system by concessionaire.

Visitor Protection and Safety

Question: On page 26 of your justification, you mention another increase for Visitor Safety and Protection activities of $937 thousand. Do all of these funds go directly to park units? Do you have a distribution by park area for these increases?

Answer: All funds requested in this increase will be allocated to those parks that are experiencing problems with the adequate protection of facilities and visitors. Many parks are unable to fully detect or quickly respond to illegal activities when reported. Parks will have the resources to adequately train their personnel to handle emergencies, provide safe travel for all visitors while in the parks and improve patrol and coverage of park facilities and attractions. Each field office, with assistance from professional law enforcement staff advisors, will determine what amount of assistance each park will require.

Buffalo National River

Question: Last year, the Conference Report stated that "the managers agree that the Service should review law enforcement needs in all park units. If there is disproportionate activity at Buffalo National River the Service should reallocate personnel to meet that need." Has the Service conducted such a review? If not, why not? In addition to the increases requested in the 1983 Budget for visitor protection and safety activities, has the Service proposed any reallocations? Has the Service considered reallocations to meet the increased needs?

Answer: The Service, as part of its budget formulation process, reviews the law enforcement requirements as well as the needs of other activities. In view of the increases in visitor use of the park and the associated increase in legal offenses, there is need for an additional seasonal law enforcement person at Buffalo. However, the increased visitation and law enforcement activity are being experienced by many park areas. The problem at Buffalo is not unique. Although, positions available to the Service have declined in fiscal 1982, additional personnel for law enforcement purposes at Buffalo National River will be provided. The situation at the area will be periodically reviewed. Should the law enforcement needs of the area become disproportionately large at anytime in the future, a further analysis of personnel needs will be made.

United States Park Police

Question: What is the funding level requested in FY 1983 for the Park Police? Have you received any criticism concerning the use of the Park Service helicopter in the rescue operations at the recent National Airport plane crash? If so, how do you respond to that criticism? Has any other organization reimbursed the Service for any of these expenses? Why not?

Answer: The funding level requested for the U.S. Park Police in fiscal 1983 is $20,674,000, which includes the Washington Metropolitan area, the San Francisco Field Office, and the New York Field Office.

Of the nearly 100 letters received by the Park Police, 7 expressed concern for the inadequacy of the water rescue equipment aboard our helicopter. This public reaction was precipitated by the media's live coverage of survivors clinging to a life ring that had been lowered to them by our paramedic during the rescue operation. In all instances, suggestions concerning life-saving devices were forwarded for our consideration, and in one letter, the writer also addressed our need to consider a platform skid to retrieve survivors from the water. Further, U.S. Park Police Chief Lynn H. Herring testified before the House District Subcommittee on Government Operations and Metropolitan Affairs, Committee on the District of Columbia on February 2, 1982, concerning our rescue capabilities. At the hearing, we were asked if a larger aircraft with pontoons would have been more effective. Our response to these concerns has been to state the primary police mission to which our Aviation Unit is dedicated and for which our aircraft are well equipped. Our law enforcement aircraft provide rapid response to support ground patrol units, aerial observation for protective security details and searching for lost or wanted persons, and rapid transportation (air ambulance) of critically ill and injured persons to special medical facilities.

Funding for our part in the rescue operations was paid for out of National Park Service funds and no other organization has reimbursed the Service.

Park Maintenance

Question: For Park Maintenance, the Service is proposing an increase of $13 million, 225 thousand (+ 9% over 1982 appropriations) for operational maintenance (page 28). These increases will be distributed to individual parks as part of their base funding. However, FTE personnel will be decreasing by 211 or about 4 %. Why is the Service proposing to decrease maintenance personnel at the park level? Your justification on page 31 states that the Service intends to contract out additional maintenance work in FY 1983. How much of this work is currently being contracted out? Will you contract out maintenance activities to replace these 211 FTE you're proposing to drop? Can you give us some specific examples of the kinds of maintenance activities you intend to contract out?

Answer: The Administration's program to control the growth in Federal spending includes significant reductions in Federal employment. As applied to the National Park Service, these reductions result in a decrease of 441 FTE in the Service's employment ceiling for fiscal 1983. The Service has carefully reviewed all aspects of park operations to identify areas where prudent reductions in staffing can be implemented. A portion of this decrease - 211 FTE - is proposed for operational maintenance programs. This decrease will be implemented by reducing the term of employment for career seasonal employees, limited cuts in seasonal employment, and, where practicable, using contractual services in lieu of park staff. Contractual services currently account for approximately 12 percent of the funds expended for operational maintenance activities. Possible areas where the use of contractual services could be expended include building custodial care, grounds maintenance, solid waste collection and disposal, and vehicle maintenance.

Cyclic Maintenance

Question: Cyclic Maintenance activities are funded out of Regional Offices rather than the park unit level. Including funds requested for the Park Restoration and Improvement Program, the Service is proposing to shift $3 million, 600 thousand to construction activities in 1983. Is the cyclic maintenance activity fully funded at the reduced level? What would an adequate level of cyclic maintenance funding be?

Answer: In fiscal 1982, $35.6 million was appropriated under the Park Restoration and Improvement Program for health and safety, cyclic maintenance, and repair/rehabilitation projects in national parks. The Service's fiscal 1983 request under the Park Restoration and Improvement Program includes $32.0 million to continue funding high priority maintenance projects, a decrease of $3.6 million from the approved 1982 level. The Service intends to use the entire $32 million request to fund health and safety related projects. Correcting these deficiencies is and must be the Service's highest priority. This will still leave a base program of $20.0 million to address cyclic maintenance requirements in the parks. The Service believes that this level is sufficient to fund the most pressing cyclic maintenance projects. Moreover, given the emphasis on health and safety projects, sufficient staffing is not available to adequately manage a larger program. The Service anticipates that as health and safety deficiencies are corrected additional funds will be directed for cyclic maintenance of facilities in future fiscal years.

Curtailment of Activities

Question: The Service is proposing to zero out two servicewide activities in FY 1983, the energy conservation activity (-2 million, 848 thousand dollars) and the "curbing pollution in the parks" activity (-$432 thousand). What types of projects are currently funded by energy conservation funds? Will those types of activities continue in FY 1983 under a different account? If so, which one? What about "curbing pollution in the parks?" What types of projects will be funded in 1983 and in what accounts?

Answer: The projects currently funded by energy conservation funds are energy retrofit projects which cost an average of $385 per retrofit and yield an average simple payback of 1.25 years. In fiscal 1981, 4,411 retrofit projects were applied to 1,931 buildings. Projects included installing, caulking, and weather stripping storm windows; set back thermostats; insulation; lighting efficiency improvements; reducing air stratification; installing water flow restrictors; double glazing windows and insulating hot water heaters.

Energy retrofit projects will be funded under the Regional Repair and Rehabilitation Program in fiscal 1983 at the discretion of each Region as part of its overall maintenance program.

The "Curbing Pollution in Parks" program was established in fiscal 1980 to provide Servicewide coordination and support for pollution control and abatement operations. Funds are used to assess plant deficiencies, install new or replace inadequate metering equipment to reduce operating costs and conserve energy, evaluate sewage collection system, provide technical assistance to park areas, and to fund repairs and improvements to wastewater treatment systems.

In fiscal 1983, any necessary repairs and improvement projects will be funded under the Park Restoration and Improvement Program. Technical assistance, data systems support, and coordination of pollution control operations will continue to be provided by the Washington Office from funds available for Servicewide maintenance. Necessary inspections and sewage system evaluations will be covered under the Regionwide Cyclic Maintenance Program.

Funding for Concession Management

Question: The Service is requesting a $402 thousand increase (+16%) in concessions management funding and a 7 FTE personnel increase (+ 10%) in FY 1983. What will the increased funding do for the concessions management program? Will it lead to more fees collected? What types of problems are you encountering in this area now? Are you behind on such activities as concession inspections?

Answer: The increased funding will help the concession function to improve upon and update the management programs now in existence. Some of these programs and policies are outdated and many need constant revisions to provide consistent administration of concessions. Many of these programs, can not be dealt with adequately with the present staffing level.

Three positions will be located in the Washington Office and four positions will be located in the regional/field offices. Regional positions have the flexibility of going from park to park within the region to conduct the concession work for those parks unable to fund or staff for a concession position because of the size of their concession activity.

We continue to gear our work load to economics of scale by putting the staff on the work where it will have the greatest impact on the visitor's safety and well being and possible economic impact on the taxpayer's obligation.

Facility appraisals to protect the Service's interest will be completed in a more timely manner. This process is not coordinated at the present time in the concessions office.

Additionally, funds and manpower will be provided to increase coverage in those regions that have experienced an increase in the number of parks, over the last few years, where staffing and funding have not increased. It will allow the regions to assist the parks in conducting evaluations, contractual compliance reviews, rate approval reviews and provide additional training to field staff.

Yes, we are presently behind on various activities such as concession inspections.

Question: The Service currently spends about $2.5 million to oversee concessionaires, representing about 135 concessions contracts and 356 concessions permits. Our calculations indicate that, in 1982, each staff year will have responsibility for about 2 contracts and 5.5 permits. This does not seem out of line to us. With your proposed increases, the average contract and permit workload drops by less than one item per staff year. What will the Service do with these additional staff years?

Answer: Neither the present nor the additional staff years relate specifically to the number of contracts or permits on a pure basis. For example, some contracts have a dollar volume of 45 million requiring far greater operational workload (such as, evaluations, rate approvals, contract compliance) on operations that are spread out over many miles of park grounds. In addition to the contract workload, we deal with other functions as they relate and affect concessions.

With the present staffing level, we are producing full annual evaluations on 68% of the concessioners. Each evaluation may consist of anywhere from ten individual inspections on a concessioner with a single facility to over 400 individual inspections on a multi-facility, multi-location concessioner. The increased staffing will increase the percentage of full evaluations completed. Any remaining evaluations not fully completed will be on those concessioners with low gross sales. Every concessioner is reviewed or inspected on at least a limited basis but a full blown annual evaluation may not be completed.

The additional staff years will improve upon the previously mentioned programs of training, financial reporting reviews, policy updating, appraisals, contracting and needed field management tools.

Increased funds will allow us to step up our reviewing of concessioner annual financial reports and in greater detail to assure proper accounting including proper payment of franchise fees. It may lead to greater fee collections but at a minimum will assure correct payment. The present staffing level does not allow for the indepth review desired of all financial reports.

The concession contracting function will be improved to provide better field guidance and quicker turnaround time on contracting actions. We will be able to adequately address expired contracts and be equipped to stay on top of contracts in the future.

Resource Management Initiatives

Question: The Service is proposing two Resource Management initiatives aimed at determining threats to natural or cultural resources -- one for identifying major threats in 15 parks (+$408 thousand) and one for acid rain research and monitoring (+$599 thousand). What is the size of the 1982 base program for monitoring resource threats? For acid rain? What is likely to be the result of these efforts? Wouldn't any resource damage, or potential damage, be picked up normally through the routine maintenance activity and corrective action taken out of cyclic maintenance and rehabilitation funds, or out of construction funds?

Answer: The identification of major threats to natural resources throughout the National Park System is an ongoing process and is integral to the entire Natural Resources Management program of the National Park Service. Each park that has identified significant natural resource threats (State of the Parks, April 1980) monitors the effects, growth, damage, etc., of threats on a continual basis. However, in some parks, such as those listed on page 43 of the 1983 Justifications, are ill-equipped to conduct research and monitoring activities to a point where corrective actions can begin. Insufficient base line data is the single most crippling impediment to resource threat mitigation.

Because of the fragility of most natural eco-systems, area isolation and continued monitoring are all that can or should be done. In some cases, threats to resources caused by aesthetic degradation can be corrected through cyclic maintenance and construction funds, such as road and utility redirection. The increase requested in this section, however, is for the collection and analysis of necessary data.

The National Park Service has an acid precipitation program of $625,000 in fiscal year 1982. Approximately $228,000 is committed to research on the effects of acid deposition on monuments, statues and other historic structures and buildings; $80,600 supports acid rain monitors in 16 parks as part of the National Atmospheric Deposition Program; $50,000 is devoted to an assessment of the impacts of acid precipitation on the vegetative and aquatic resources of Shenandoah National Park; and the remaining $266,400 is being used to initiate major long-term ecological effects monitoring programs in Rocky Mountain, Sequoia/Kings Canyon, and Isle Royale National Parks. The National Park Service's acid rain program is an integral part of the Federal Interagency Acid Precipitation effort, and is closely coordinated with both federal and non-federal agencies.

Air Quality

Question: The Service is also proposing to improve its air quality monitoring program by $148 thousand in FY 1983. Isn't the size of the base air quality program over $4 million? What additional work will be done that can't be funded out of the base?

Answer: The base air quality program is $3.45 million in fiscal 1982. This base enables us to monitor baseline air quality conditions and air pollutant levels in 28 class I parks and also in eight class II areas which currently are experiencing air pollution impacts. The Service is proposing to increase the funding level of its air quality program by $182,000 in fiscal 1983, not $148,000. The additional funding for fiscal 1983 will enable us to establish air quality monitoring stations in three additional class I parks (Joshua Tree---ozone and sulfur dioxide monitoring, Theodore Roosevelt---ozone and sulfur dioxide monitoring, and Mount Rainier---visibility monitoring).

Park Resource Management Plan

Question: The Service is also proposing an initiative costing $2 million, 108 thousand to implement corrective actions outlined in park resource management plans. Your justification (page 44) states that "this increase will provide park areas with funds needed to continue to implement approved remedies, research projects, and baseline data collection activities..." Will these funds be used for more research or for corrective actions?

Answer: These funds will be used for combination of research, monitoring, resources management, and support activities within the various park units as described within the area Resources Management Plans. The Plans provide the vehicle to identify, discuss, and explain anticipated and active prevention and mitigation projections for all of the park's natural and cultural resources. The Plans provide a systematic framework for addressing both the day-to-day programs as well as those that are more urgent and/or require research.

International Park Affairs

Question: We understand that the International Park Affairs activity has had some former HCRS staff and functions transferred into it. What staff and functions are these? We further understand that funding for these staff positions and functions was not transferred from HCRS accounts but that funding will be transferred from the park maintenance account. Again, why are these functions of higher priority than park maintenance activities?

Answer: The function transferred from Heritage Conservation and Recreation Service involved the Department of the Interior's responsibilities under Historic Preservation Act of 1980 (PL 96-515, Title 4) to participate in the identification and protection of World Heritage Sites. The funding of this function came from within the total available for the Washington Office. Neither the parks nor the maintenance of parks were affected.

Fire Suppression and Rehabilitation

Question: Regarding your 1982 fire suppression and rehabilitation supplemental request, what park areas are involved? How much is for suppression versus rehabilitation? Please provide for the record a brief description of each project funded.

Answer: The proposed fire supplemental of $2,200,000 represents the unfunded portion of the total fire obligations during fiscal 1981. The total obligation of $6,200,000 was funded at $4,000,000 as follows:

Fiscal 1981 Appropriation	$2,000,000
Land and Water Conservation Fund Administration Unobligated	1,700,000
Road Construction Unobligated	300,000

Our fire records do not permit us to differentiate those which might have been covered from appropriated funds versus those which exceeded those funds and are included in the supplemental request. Accordingly, our responses apply to all of the fires reported during fiscal 1981.

During the 1981 calendar year, 1,247 fires occurred in 101 park areas Servicewide.

No major rehabilitation efforts were undertaken with these funds during fiscal 1981. Therefore, almost all of the funding is for suppression.

Ninety percent of all fires are relatively small in size and cost. They consume less than 9 acres each and are frequently handled by less than half a dozen fire personnel with possible support from small tanker units. The remaining 10% achieve a size that warrant major suppression actions. These fires usually start out as small fires but expand rapidly in a day or two due to either severe weather conditions or the type of fuel that is burning. Anywhere from 300 to 1,000 people could be involved in these major fires. These additional personnel came from adjacent park areas and other land management bureaus, who all work under the general direction of a fire boss.

Telephone Expenses

Question: The new General Administration account is proposed for an increase of $687 thousand from the 1983 base adjustments (Page 62). Of that amount, $222 thousand is for Servicewide administration activities such as telephone, postage, and printing. Specifically, how much is for phone expenses? How many WATS phones or WATS lines does the Washington Office have? What does each phone unit with WATS capability or each WATS line cost? Has the Service reviewed its need for so many WATS lines or units?

Answer: Of the $222,000 increase for Servicewide administration activities, $90,000 is for phone expenses. The Washington Office has four WATS lines. The monthly cost for WATS service is $436.00 or $109.00 per line. Data Systems Division has reviewed our WATS situation and it was decided that no changes would be made until after the hardware is moved from the Pension Building to 1100 L Street. At that time, we will look into the feasibility of switching to a value added network.

Area Distribution

Question: Please provide for the record a definition of what is included in each column heading for your park by park listing of pages 78 - 87?

Answer: The column headings are defined as follows:

Heading	Definition
ONPS, Park Management Park Areas by Region and other Entities, Program Items, etc.	Name of Park
FY 1981	Includes appropriation and supplemental for fiscal 1981 for operating costs.
Estimated Available FY 1982	Includes appropriation for fiscal 1982 which consists of operating costs, fiscal 1982 increases and congressional add-ons.
1982 FTE/T	Total Full-time Equivalent Employment for fiscal 1982.
FY 1983 Increase	Includes four percent restoration and requested increases or decreases for parks.
Budget Estimate FY 1983	Includes fiscal 1982 operating costs, four percent restoration and requested increases.
1983 FTE/T	Total Full-time Equivalent Employment for fiscal 1983.
Visitor Use FY 1981 (Thousands)	Total park visitation during fiscal 1981.
Acreage	Total acreage includes Federal and Non-Federal acres.

Appalachian Trail Project

Question: On page 92, you mention an activity entitled "Appalachian Trail Project". Please provide a program description and a 5-year funding summary for this project.

Answer: The Appalachian Trail Project Office provides overall coordination of the Appalachian Trail Project for the National Park Service. It oversees the land protection functions for the Trail; coordinates with the U.S. Forest Service, State agencies and private trail groups for management of the Trail, Trail facilities and associated Trail lands; and provides staff support for the Appalachian Trail National Scenic Trail Advisory Council. Funding for Appalachian Trail Project supports a project office staff of six (FTE), boundary surveys for recently-acquired Trail lands, and cooperative agreements with governmental agencies and private groups which manage Trail lands for the National Park Service.

Funding for fiscal years 1979 through 1983 is as follows:

FY 1979 - $170,500
FY 1980 - $174,400
FY 1981 - $631,700
FY 1982 - $617,000
FY 1983 - $643,000

Special Initiative Parks

Question: Please provide a similar program description/funding history for the activity "Special Initiative Parks" listed on page 95.

Answer: In FY82, the Congress appropriated $547,200 to enable the National Park Service to begin to respond to high priority research needs existing throughout the Service. Topics of interest include both park-specific problems and also multi-park, inter-region, and Servicewide issues.

The park-specific research projects of primary interest in this Program are those relating to internal and external threats which pose a significant danger to the natural resources for which a park was established. These research projects usually will relate to activities which are essential in order to carry out the core mission of the park as described in enabling legislation or in other congressional legislation. To be eligible for funding, a proposed park-specific research project must be documented as a high priority research need in an approved Natural Resource Management Plan.

Multi-park, inter-Region and Servicewide issues of primary interest in this Program are those which relate to management problems of broad significance to the Service...for example, research activities on: ecosystem processes; park land use patterns and trends; major natural resource management policy issues; broad-based visitor-use problems; control of non-native plant or animal species; development of natural science monitoring techniques or procedures of general applicability; and development or application of remote sensing techniques for mapping of in-park biophysical characteristics.

The monies appropriated in FY82 (the initial year of this Program) have been allocated to the following Special Initiative Parks research activities:

1. Glacier NP, $150,000: Initiation of a multiyear research program to provide baseline data on the aquatic, vegetative and wildlife resources of the Park in response to external threats resulting from extensive clearcutting, stripmining, and minerals and other development activities immediately adjacent to the Park.

2. Channel Islands NP, $130,000: Initiation of a multiyear research program to collect data required for preparation of a Congressionally mandated report on the status of

natural resources in the Park (seabirds, landbirds, vegetation, marine mammals, etc.).

3. Glacier Bay NP, $267,200: Completion of the final year of a Congressionally mandated research program to evaluate the possible impacts of Alaskan cruise ships on the endangered species humpback whales within Glacier Bay NP.

Full-Time Equivalency (FTE) Reduction

Question: Please provide a description of the undistributed FTE reduction of 244 mentioned on page 97. Why were these reductions not displayed in the text of your justifications?

Answer: The total FTE reduction for the Operation of the National Park System appropriation is 243 and is displayed in the text of our Budget Justifications by activity as follows:

Activity	FTE
Park Management	-240
Park, Recreation and Wilderness Planning	-78
General Administration	+75
Total decrease	-243

The -244 FTE's shown on page NPS-97 are a part of the total net decrease of -243. The -244 have not yet been distributed by organization, and are therefore shown in total on NPS-97.

1982 Pay Costs

Question: The Service is not requesting a fiscal year 1982 Supplemental appropriation to cover anticipated pay increased of about 15 million, 553 thousand dollars. Please provide for the record a distribution of those costs by activity/subactivity, with the number of FTE reductions proposed (if any) to finance this unfunded cost increase.

Answer: To finance the absorption the parks will be taking a number of actions including hiring fewer summer temporaries, reducing the term of employment of career seasonal employees and utilizing savings resulting from reductions in employment ceilings. The total number of FTE's affected is not specifically known. A distribution of the $16,101,000 fiscal 1982 pay cost requirement by activity/subactivity follows:

	Amount ($ 000)
Operation of the National Park System	
Park Management	
Management of park areas	2,304
Concessions management	73
Interpretation and visitor services	1,898
Visitor protection and safety	2,710
Maintenance	4,885
Resource management	1,480
Informational publications	15
International park affairs	15
Subtotal	13,380

Park, Recreation and Wilderness Planning	
Rivers and trails	28
Water resources studies	15
General management plans	58
Subtotal	101
Statutory and Contractual Aid	
Lowell Historic Preservation Commission	15
General Administration	
Central Office	174
Regional Office	638
Automatic data processing	43
Executive Direction	146
Subtotal	1,001
Total - ONPS	14,497
Construction	689
National Recreation and Preservation	
Recreation Programs	75
Natural Programs	92
Cultural Programs	163
Environmental Compliance Review	28
Grant Administration	82
Total, NR & P	440
John F. Kennedy Center	70
Land Acquisition	349
Land and Water Conservation Fund	39
Trust Funds	17
Total	$16,101

Alaskan Parks

Question: Please provide for the record a three-year funding history for each Alaskan park, including a description of what will be programmed in 1983 for each park. Also include comparative personnel levels for all three years.

Answer: The three year funding history, comparative personnel levels and description of 1983 program follows:

Operation of the National Park System	1980 Amount	1980 FTP 1/	1981 Amount	1981 FTP 1/	1982 Amount	1982 FTE-T 1/	1983 Amount	1983 FTE-T 1/
New Areas and additions to Existing areas:								
Aniakchak National Monument and Preserve	--	--	63.1	1	95.3	3	100.6	3
Bering Land Bridge National Preserve	--	--	136.9	1	186.3	4	196.6	4
Cape Krusenstern National Monument	--	--	323.3	2	346.8	9	366.0	9
Denali National Park and Preserve			110.0	5	110.6	5	115.2	5
Gates of the Arctic National Park and Preserve	--	--	527.2	3	534.7	11	564.3	11
Glacier Bay National Park and Preserve			307.4	1	313.0	1	326.0	1
Katmai National Park and Preserve	--	--	37.7	--	72.2	--	75.2	--
Kenai Fjords National Park	--	--	239.2	1	181.4	5	191.4	5
Kobuk Valley National Park	--	--	1.1	--	51.3	--	54.1	--
Lake Clark National Park and Preserve	--	--	378.9	3	507.9	9	536.0	9
Noatak National Preserve	--	--	18.4	--	91.4	--	96.5	--
Wrangell-St. Elias National Park and Preserve	--	--	781.9	5	570.8	11	602.7	11
Yukon-Charley Rivers National Preserve	--	--	127.1	2	177.1	4	186.9	4
Regional Office Support	--	--	1,382.8	--	1,461.2	--	1,288.5	--
Subtotal			4,435.0	24	4,700.0	62	4,700	62

Existing Areas:	1980 Amount	1980 FTP 1/	1981 Amount	1981 FTP 1/	1982 Amount	1982 FTE-T 1/	1983 Amount	1983 FTE-T 1/
Denali National Park and Preserve	2,610.1	21	2,948.2	22	3,786.3	68	4,022.3	68
Glacier Bay National Park and Preserve	666.7	11	424.3	11	659.5	28	700.3	28
Katmai National Park and Preserve	326.6	3	317.4	3	469.7	18	496.7	18
Klondike Gold Rush National Historical Park	558.8	5	601.3	5	636.2	23	671.4	23
Sitka National Historical Park	341.1	6	340.1	6	381.9	12	428.2	12
Regional Office Support	1,304.4	35	2,023.4	55	3,640.0	91	3,757.3	91
Subtotal	5,807.7	81	6,654.7	102	9,573.6	240	10,076.3	240
Total Park Operations	5,807.7	81	11,089.7	126	14,273.6	302	14,776.2	302

1/ Positions for 1980 and 1981 are Full-Time Permanent (FTP) and for 1982 and 1983 Full-Time Equivalents (FTE).

Funding levels in fiscal 1983 are for operations in park management, law enforcement, visitor contact, resources management and maintenance, to cover costs of personal services, supplies and materials, basic equipment to support field operations in all areas and lease/purchase of administrative and public use facilities for headquarters sites and public contact stations in the new areas. The programmed amounts in 1983 include, for all Alaska parks, an increase for that portion of the October 1981 pay cost that was not included in the 1983 base funding level. Other increases include:

Denali National Park and Preserve		$ +25,000
Maintenance agreement with the Golden Valley Electric Company to service park electric power lines.		
Sitka National Historic Park		$ +25,200
Maintenance for the Russian Mission in compliance with the Historic Maintenance Plan	+20,900	
Maintenance increase to continue seasonal personnel for an extended period and for supplies and materials	+4,300	

At the Regional Office services provided are administrative support, park support operations for safety programs, law enforcement, fire management plans, development and publishing of interim regulations, review and issuance of business licences and permits; coordination of aircraft services; baseline data collection for fisheries, sheep, caribou, bear and other species, to support interim management plans; and provide data for subsistence permits and mining activities in the new areas.

Funding levels also provide for Regional planning support for designation of Wild and Scenic Rivers, archeological site investigations for proposed rights-of-way and baseline data for historic resources studies.

National Recreation and Preservation

Question: The National Recreation and Preservation appropriation account represents essentially those activities transferred from the Heritage Conservation and Recreation Service. The Service is proposing a reduction of $600 thousand (-37%) from the 1983 base level for the recreation program. Major activities to be reduced include the provision of technical advice to states and local governments regarding recreation needs and resources, and workshops and demonstration projects. Why are these activities being targeted for such a drastic reduction?

Answer: The simple answer is that providing technical assistance to states and local governments regarding recreation needs is not a high priority given the fiscal constraints within which the National Park Service must operate.

Technical assistance, like grants, mainly benefits the local governments which receive it, and therefore should become mainly a state and local responsibility. However, the National Park Service will continue minimal information exchange and data exchange functions to maximize the benefit of information and technologies developed in the Federal government and elsewhere which would be beneficial to park and recreation professionals.

We recognize that the technical services program served a broad clientele of park and recreation practitioners, state and local elected officials, and concerned non-profit organizations. As you know, the program focuses on self-sufficiency at the state and local level, demonstrating how to raise funds, solicit donations and otherwise utilize the private sector. It also focuses on reducing operational costs through management improvement. Although not all the results are known or can be measured, a sample of results of selected projects involving such things as land donations documented some $6,336,500 and 2,898 acres of park land donated to state and local government as a direct result of recent technical assistance efforts. The Service has available a report which outlines some of the results achieved in prior fiscal years.

This program has shown that results can occur. We are encouraging the states to take a greater role in providing technical assistance to local governments using many of the strategies developed by this program over the years.

Question: Another function of the recreation program is nationwide recreation planning. A major objective is to update the current National Recreation Survey. What will the 1983 reduction in recreation activities do to the quality or timeliness of the National Recreation Survey? It seems to the Committee that a strong case can be made for Federal involvement in developing a Nationwide assessment of recreation trends and demands, much as the Census Bureau does its business surveys. What is the status of the current efforts to update the National Recreation Survey? Are any private funds included? How much funding and staffing would be required to continue this effort?

Answer: The actual conduct of the current survey will not be seriously affected by the FY 83 cutbacks. This is because FY 81 and 82 funds have already been committed to do the actual survey work.

As we indicated to you, the survey is being conducted by the Bureau of the Census as a supplement to the National Crime Survey. Base funds were provided through this appropriation in FY 1981 and supplemental funds by the Administration on Aging, Bureau of Land Management, Forest Service, and two other divisions of the National Park Service. Following is a table showing funding for the survey:

National Recreation Survey Funding

AGENCY	1981	1982	1983
BASE FUNDING			
National Park Service			
Recreation Resources	59,675	0	0
SUPPLEMENTAL FUNDING			
Administration on Aging	68,021	0	0
Bureau of Land Management	20,000	0	0
Forest Service	30,000	17,000	0
National Park Service			
Science and Technology	10,000	0	0
State, Local & Urban Programs	12,000	0	0
TOTAL	199,696	17,000	0

However, the analysis, presentation and distribution of survey results and thus the development of a Nationwide assessment of recreation trends and demands will be curtailed or eliminated at the current reduced levels.

A major criticism of past survey efforts has been their lack of comparability and the long time period between them. The current effort is an attempt to overcome this criticism and has moved the survey back to the Bureau of the Census (who conducted the 1960 ORRRC survey and the 1965 BOR survey). It was also our plan to repeat the survey at more frequent intervals than every 5 years.

This new approach has met with unqualified support from the cooperating federal agencies and from state and private recreation interests who rely on the information. We are also working with Census to help individual states better utilize their own survey efforts and resources to supplement the Nationwide survey.

There are no private funds involved in the current effort. There is, however, considerable interest in the survey by private recreation interests. We understand that previous surveys were widely used by the private sector. For example, the American Recreation Coalition, an organization of private recreation interest groups, has shown great interest in the questionnaire and has volunteered to help disseminate the data after it is gathered.

To conduct an adequate analysis of the data, disseminate it, and develop useful trend information will require a minimal ongoing effort of about $300,000 per year plus an additional $100,000 or so every two or three years to provide the base funding for Census. This $100,000 would need to be supplemented by at least an equal amount from other agencies as was done in the current effort.

Rivers and Trails

Question: The Service has proposed to transfer $967 thousand from the Operation of the National Park System account to this account in 1983, in order to combine the rivers and trails program in one account. What are the functions associated with this transfer? Will they be reduced in 1983?

Answer: The functions consist of conducting and completing the remaining river and trail studies authorized by Congress. There is no reduction proposed for this function in fiscal 1983.

Increased Funding

Question: The cultural program has an increase of $800 thousand proposed to offset increased tax act certification activities that will accrue as a result of zero funding the Historic Preservation Fund. What other activities will get increases?

Answer: No increases are proposed for FY 83 other than for tax act and related activities. These are to carry out FY 83 priorities for the cultural programs--(1) efficient implementation of tax act statute, significance, and rehabilitation certifications; and (2) development and implementation of resource protection planning by Federal, State, and local governments.

Question: How much will be spent on the National Register of Historic Properties? Don't these activities need to continue in order to enable persons to claim the 25% Investment Tax Credit (I.T.C.)?

Answer: $1,186,000 and approximately 31 FTE's are programmed for maintenance of the National Register. Listing in the National Register is a precondition of eligibility for the I.T.C. By all means, these activities must be continued as an integral part of the system by which the 25% Investment Tax Credit is an incentive.

Historic Preservation

Question: What will be done in 1983 to ease the regulatory compliance workload associated with the Historic Preservation Program in 1983?

Answer: The Department of the Interior is participating on a task force to modify the regulations of the Advisory Council on Historic Preservation to streamline the Council's process of commenting on Federal projects affecting properties listed in or eligible for the National Register. The Service is revising and streamlining the regulations by which Federal agencies request and obtain a determination of National Register eligibility on properties being considered in the Federal planning process. In addition, standards and guidelines materials are being prepared for applying the National Register criteria for evaluation, comprehensive preservation planning, treatment of archeological resources, and recording historic resources. These are expected to facilitate the compliance process by making adequate technical performance standards clearer.

Question: Are the State Historic Preservation Officers being phased out of the nomination process for the National Register?

Answer: No. Recently published National Register regulations revised to implement the 1980 Amendments to the Historic Preservation Act of 1966 place greater emphasis on the role of the State Historic Preservation Officer than in the past. The role of the State Historic Preservation Officer in the nomination process is not contingent upon State grants although the volume of nominations processed will be decreased as a result of their elimination.

Question: If funds are eventually provided for the Urban Parks and Recreation Program and/or the Historic Preservation Program, will funds be needed to continue grant administration activities?

Answer: Yes. Historic Preservation Fund grant administration includes not only the technical oversight of financial transactions, it also includes development of instructions and review of State grant applications, evaluation and approval of State programs to continue in the program, resolution of audits delivered under OMB requirements and recovery of disallowed costs, survey and planning standards and technical assistance, monitoring of projects to assure use of the Secretary of the Interior's Standards for Preservation Projects, periodic updating of the Grants Management Manual, and implementing the new program for certification of local governments to carry out the historic preservation program in their communities. These ongoing functions are estimated to cost $1.1 million in FY 1982.

Question: It seems to the Committee that the National Recreation and Preservation activities have not fared very well since HCRS was abolished. What are your future plans for these programs? Can we look forward to additional cuts in future years?

Answer: The primary mission of the Service is to maintain and operate the National Park System. Given this overall consideration, it is our intention to administer the external cultural programs as efficiently and effectively as possible with whatever personnel and funding are available. We are intent upon strengthening the core responsibilities of the National Register program which are to identify, evaluate, and protect the Nation's archeological, architectural, historic, engineering, and cultural heritage. We foresee no additional cuts at the present time in support for this program. If funding is continued for Historic Preservation Fund grants, we expect to give major emphasis through the States for expanding use of the Economic Recovery Tax Act, involvement of certified local governments in preservation, broad implementation of Resource Protection Planning at the Federal, State, and local levels, and possibly to make modest use of existing authorities for making grants for the development, but not for acquisition, of properties listed on the National Register.

Construction

Question: The Administration is again proposing to fund some of the NPS planning and construction activity from the Land and Water Conservation Account. In view of Congress's rejection of that proposal in last year's appropriations bill, why is the Administration continuing to advance this proposal?

Answer: To answer briefly, it is because we believe that this is a good proposal which should be enacted. The Administration sincerely believes that there is little necessity to spend hundreds of millions of dollars in land acquisition activities when the vast majority of prime recreational land and unique or endangered environments are already under Federal protection. These funds could be put to far better use in rehabilitating our existing national parks and aiding other land management agency programs.

Question: Overall, the Service proposes a planning and construction budget of $123 million, 721 thousand, an increase of $38 million, 500 thousand (+45%) over 1982 appropriations to date. Funding for the Park Restoration and Improvement Program (PRIP) is proposed at a level of $60 million, 955 thousand for construction and $2 million, 45 thousand for planning, while line item construction is proposed at a level of $46 million, 552 thousand. The advance and project planning programs are proposed at $11 million, 169 thousand, and emergency projects are proposed at $3 million.

These proposals continue to address pressing health and safety needs in the nation's parks. How much progress is being made in the current year? As I recall, the Committee provided about $30 million in new budget authority in support of this initiative in 1982.

Answer: A substantial degree of progress is being made as the result of this program, although we obviously cannot correct all of the health and safety and rehabilitation needs of the Service in one fiscal year. Additional funds will be needed over a span of years to fully bring all our park areas up to acceptable standards.

The $30 million referred to was the amount appropriated last year for capital development projects under the Park Restoration and Improvement Program. These funds enabled the Service to undertake 13 construction projects which addressed deteriorated roads and bridges, water and sewer system deficiencies and several historic preservation projects. All these projects are scheduled for award in fiscal 1982 with the exception of one Federal Highway Administration slope stabilization project at Mt. Rainier National Park. The proposed design solution and scope of this project has changed significantly and award will not be possible this fiscal year. This project will be proposed for reprogramming to the National Visitor Center roof repair project.

Question: Do all projects that are proposed for construction have completed plans? Will every project move into obligation status in 1983?

Answer: Ten construction projects have fully completed design. Nearly 80 percent of the proposed projects have final construction drawings underway. The few projects which do not have final design underway have been analyzed, and it has been determined that a reliable cost estimate is available and that final planning will be completed in time to assure project obligation in fiscal 1983. Every construction project proposed in the Service's fiscal 1983 Construction Program is scheduled for obligation during the fiscal year.

A breakdown of all fiscal 1983 construction projects by objectives is as follows:

Line Item Health and Safety Projects
Fiscal 1983 Regular Construction Program

			($000's)
Allegheny Portage Railroad NHS	115	Replace Unsafe Maintenance	499
Booker T. Washington NM	101	Construct Fire Alarm System	87
Denali NP and Preserve	116	Underground Fuel Storage Facilities	950
Gateway NRA	149	Rehabilitate Great Kills Seawall (Phase I)	3,673
Glacier Bay NP and Preserve	106	Rehabilitate Bartlett Cove Dock	1,170
Glen Canyon NRA	281	Complete Marina and Support Facilities (Replace Rainbow Marina) (Phase III)	3,883
Grand Canyon NP	411	Modifications to Roaring Springs Pump House	406
Grand Teton NP	310	Improve Beaver Creek-Moose Water System (Headquarters)	474
Montezuma Castle NM	124	Relocate Sewage Lagoon	393
National Capital Parks-Central	427	Repair Kutz Bridge	3,900
North Cascades NP	269	Rehabilitate Water and Sewer Systems, Diablo Lake	668
Olympic NP	261	Lake Crescent Highway Reconstruction (Phase II)	4,061
Prince William Forest Park	135	Rehabilitate Utilities, Cabin Camp I	555
Rocky Mountain NP	232	Rehabilitate 3 Water Systems	1,518
Shenandoah NP	125	Reconstruct Portions of Skyline Drive (35 Miles) South District (Phase I)	4,001
Yellowstone NP	620	Rehabilitate Purchased Concessioner Facilities (Portion)	7,499
Yosemite NP	363	Fire Protection Wawona Hotel Complex	2,358
		Subtotal	36,095

Health and Safety
Fiscal 1983 Park Restoration and Improvement Program

Amistad RA	124	Upgrade Utility Systems, Pecos Canyon	876
Buffalo NR	164	Rehabilitate Roadways and Campsites, Buffalo Point	927
Chickasaw NRA	156	Reconstruct Deteriorated Park Roads	1,725
Gateway NRA	150	Rehabilitate Road System (Sandy Hook)	1,965
Great Smoky Mountains NP	266	Reconstruct Two Bridges at Tremont	1,480
Haleakala NP	821	Headquarters Water and Fire Protection System	2,096

Hawaii Volcanoes NP	110	Widen and Resurface 4 Miles of Park Road	1,572
Mesa Verde NP	101	Build New 5.3-Mile Entrance Road to Bypass Slide Area	8,621
Padre Island NS	156	Reconstruct Deteriorated and Unsafe Sections of Main Road	1,136
Petrified Forest NP	140	Reconstruct Deteriorated Mainline Road	2,882
Petrified Forest NP	150	Protect Water System and Park Road	295
Point Reyes NS	191	Rehabilitate Water Storage Facilities	426
Scotts Bluff NM	111	Construct Waterline and Pumping Station	507
Shenandoah NP	118	Reconstruct Portion Skyline Drive (35 Miles) Central District (Phase II)	2,160
Theodore Roosevelt NP	148	Rebuild 6-Mile Entrance Road (North Unit)	4,043
		Subtotal	30,711
		Total FY 1983 Health and Safety	66,806

Fiscal 1983 Line Item Construction Projects Which are not Primarily Health and Safety Oriented

Regular Program

			($000's)	Objective (Primary, Secondary)
George Rogers Clark NHS	119	Repair Memorial Roof, Walls	670	2,3
Grand Teton NP	201	Rebuild 7.5-Mile Balance of Colter Bay - North Boundary Road	3,013	3
National Visitor Center	--	Reimburse Deferred Fiscal 1982 Projects	3,189	2,3
Rock Creek Park	206	Rehabilitate Retaining Walls	1,724	
		Subtotal	8,596	

Park Restoration and Improvement Program

			($000's)	Objective (Primary, Secondary)
Cape Hatteras NS	175	Construct Groin to Protect Lighthouse	1,200	2
Chaco Culture NHP	139	Reconstruct Tour and Circulation Roads	2,751	3
Grand Teton NP	104	Improve Day-Use Facilities, Leeks Lodge	1,861	2,3
Cuadalupe Mountains NP	110	Construct Trail System, Phase IV	1,664	4,2
Jefferson National Expansion Memorial NHS	201	Rehabilitate Exterior of Old Courthouse	2,266	2,3
Martin Van Buren NHS	102	Rehabilitate Historic Structure	878	2
Mesa Verde NP	117	Construct 11 Ruins Shelters and Provide Exhibits, Chapin and Wetherill Mesas	4,144	2
Perry's Victory and International Peace Memorial	101	Memorial Column Rehabilitation (Phase II)	2,444	3,2
Rocky Mountain NP	106	Rebuild 11-Mile Phantom Valley - Grand Lake Section of Trail Ridge Road	8,904	3,2

			(000's)	Objective (Primary, Secondary)
Voyaguers NP	158	Construct Breakwater, Docks, Parking, Comfort Station, Picnic Sites, Road and Utilities, Black Bay	2,690	4,2
Wupatki NM	103	Reconstruct Sections of Main Loop Road	3,303	3
		Subtotal	32,105	
		Total	40,701	
		Total FY 1983 Line Item Construction	107,507	

	Objectives
1	Health and Safety
2	Resource Protection
3	Facilities Rehabilitation
4	New Facilities, Developing Parks
5	New Facilities, Established Parks

Question: Are all water and sewer projects that are on the priority list included in the 1983 construction proposal? If not, why not?

Answer: All health and safety projects and all water and sewer projects identified for potential fiscal 1983 accomplishment are included in our fiscal 1983 construction program.

Question: Does the Service place higher priority on the regular construction projects or on the projects identified as a part of the PRIP program? In other words, if the Committee is unable to fund all of these projects, would it be your recommendation for us to take funds out of the PRIP category first and then out of the regular program?

Answer: The Service places equal priority on the projects identified as part of the regular Construction Program and the Park Restoration and Improvement Program. All of the proposed projects represent work which is necessary to begin the rehabilitation of deteriorated park facilities.

If the Committee were unable to finance all of the Service's construction proposals, our recommendation would be to evaluate each project on the basis of its own merit. The construction justification narrative for each individual project contained in the Service's fiscal 1983 budget request documents the rationale and need for each project.

Question: Has the Service had a problem accelerating the planning process to adequately keep up with the large increases in construction funding now being provided? I would think that significant increases in construction funding, such as you've received in 1982 and 1983, would mean that those projects ready for construction would get built almost regardless of their health and safety related priority. Is this so?

Answer: The National Park Service has consistently requested a planning funding level sufficient to support our perceived construction needs. The Service has received sufficient planning appropriations in prior years to support the $107 million Line Item Construction Program proposed in fiscal 1983. The planning process could become a problem, however, if the Service was requesting a much larger construction program.

The second part of this question is rather difficult to answer. In keeping with our policy to propose only those projects which are ready for construction and which have good cost estimates, it follows that only projects which can validly be proposed appear in our budget. This necessarily means that some very important projects do not appear in our fiscal 1983 request because the planning is not complete for these projects. However, the converse is not true. No low priority projects are being proposed simply because they are ready for construction. Every project which appears in our construction program has to be evaluated by the Service, the Department of the Interior, and the Office of Management and Budget to confirm its urgency and merit.

Question: Are the types of projects currently undergoing planning of about the same mix between roads and other projects as is the construction program? By our calculations, about $1 million, 364 thousand of the planning program total of $8 million, 214 thousand, or only about 17%, are for planning activities regarding roads. Why is this mix changing?

Answer: The percentage of planning requested for road and bridge construction for fiscal 1983, in distinction to other types of construction, is approximately 18 percent. In distinction to this percentage, the amount of road and bridge work in the Line Item Construction Program is 54 percent. There are several reasons for this; principally, it is somewhat misleading to equate the category mix of future construction by simply determining the mix in the previous years' planning program. Many projects receive planning funds over a number of fiscal years. Therefore, it is possible that a $10,000 project planning request this year only represents the minor cost for printing final specifications and bidding documents while the greatest share of the planning costs, which might be $500,000, was programmed 2 or more years earlier. Secondly, much road rehabilitation construction involves relatively simple design for such work as roadway overlays or shoulder repairs. In such projects, although actual construction costs are significant, planning costs represent a lower percentage of actual construction costs than do water and sewerage projects or historic preservation projects.

In fiscal 1982, the amount of project planning requested for road and bridge construction was also under 20 percent of the total dollar request for project planning. Since this does not reflect the mix of road to other categories of construction in the fiscal 1983 construction program, this probably verifies our belief that only a multiyear analysis of planning to construction percentages yields valid projections.

Question: For the record, please provide a list of all road or bridge related projects proposed for construction in fiscal 1983 and indicate for each what smaller amount of funding could be provided and still keep each project increment practicable.

Answer: We would not recommend smaller funding increments for these road projects. In the case of multiyear road projects, the Service is requesting funding for what our professionals consider to be a reasonable and efficient increment of work. In the case of projects which will require no additional funds in future years, the Service is requesting an amount necessary to correct the particular roadway or bridge deficiency.

In sum, although it might be possible to fund only a part of several multiyear road projects funding requests (such as the Shenandoah National Park road projects or the Olympic Lake Crescent road project), the Service would not recommend this procedure. All road and bridge projects which are not multiyear in nature definitely cannot be subdivided into smaller construction increments.

Road, Bridge and Trail Projects Proposed for Fiscal 1983 Regular Construction Program and Park Restoration and Improvement Program

Regular Program

		($000's)
Grand Teton NP	Rebuild 7.5-Mile Balance of Colter Bay - North Boundary Road	$ 3,013
National Capital Parks-Central	Repair Kutz Bridge	3,900
Olympic NP	Lake Crescent Highway Reconstruction (Phase II)	4,061
Shenandoah NP	Reconstruct Portions of Skyline Drive (35-Mile South District)	4,001

Park Restoration and Improvement Program

Buffalo NR	Rehabilitate Roadways and Campsites, Buffalo Point	927
Chaco Culture NHP	Reconstruct Tour and Circulation Roads	2,751
Chickasaw NRA	Reconstruct Deteriorated Park Roads	1,725
Gateway NRA	Rehabilitate Road System, Sandy Hook	1,965
Great Smoky Mountains NP	Reconstruct Two Bridges at Tremont	1,480
Guadalupe Mountains NP	Construct Trail Systm, Phase IV	1,664
Hawaii Volcanoes NP	Widen and Resurface 4 Miles of Park Road	1,572
Mesa Verde NP	Build New 5.3-Mile Entrance Road to Bypass Slide Area	8,621
Padre Islands NS	Reconstruct Deteriorated and Unsafe Sections of Main Road	1,136
Petrified Forest NP	Reconstruct Deteriorated Mainline Road	2,882
Rocky Mountain NP	Rebuild 11-Mile Phantom Valley - Grand Lake Section of Trail Ridge Road	8,904
Shenandoah NP	Reconstruct Skyline Drive (35-Mile Portion, Central District)	2,160
Theodore Roosevelt NP	Rebuild 6-Mile Entrance Road (North Unit)	4,043
Wupatki NM	Reconstruct Hazardous Sections, Main Loop Road	3,303
	Total	58,108

Question: We have a number of project specific questions we will submit for the record. For example, please provide status reports on the following:

Blue Ridge Parkway
Natchez Trace Parkway
Skyline Drive
Cumberland Gap
Mount McKinley Road 1/
Edgewater Stables
Harpers Ferry Water System

For each, provide a funding history and an estimation of when funding may be provided, including out-year funding when the project is phased. For projects requiring planning, please provide an estimation of when construction funds may be requested. Include a similar list, by park, for all Alaskan parks for the next 5 years.

Answer: The following information provides the status of the areas listed above:

Blue Ridge Parkway
North Carolina-Virginia

The Blue Ridge Parkway, created by an Act of Congress on June 30, 1936, is planned for 470 miles along the crest of the southern Appalachians. The last section of parkway to be constructed (2H8-1.3 miles) is in the vicinity of Grandfather Mountain, North Carolina. Of the total 7.7 miles around Grandfather Mountain, 5.1 miles have been completed and 1.3 miles of roadway, temporary bridges, and the Linn Cove viaduct are under construction. This leaves section 2H8, between Linn Cove and Rough Ridge, at 1.3 miles, to be completed.

The completion of the remaining 1.3 miles and six bridges will make a continuous 470 miles of Blue Ridge Parkway connecting Shenandoah National Park on the north end with the Great Smoky Mountains National Park on the south end.

Initial construction funds were allocated for Blue Ridge Parkway under the National Industrial Recovery Act of June 16, 1933. Construction of the parkway started shortly thereafter. Since initial construction began, a total of $105,054,000 has been appropriated for parkway developments through fiscal 1982. A recapitualtion of funding for the past 12 years follows:

Funding for the Blue Ridge Parkway, Fiscal 1971-1982
Line Item Construction

Fiscal 1971	$100,000	Fiscal 1977 Supplemental	$3,930,000
Fiscal 1972	1,281,000	Fiscal 1978	7,930,000
Fiscal 1973	2,100,000	Fiscal 1979	--
Fiscal 1974	979,000	Fiscal 1980	--
Fiscal 1975	--	Fiscal 1981	--
Fiscal 1976	300,000	Fiscal 1982	3,422,000
Fiscal 1977	750,000		
		Total	20,792,000

The $3,422,000 appropriated in fiscal 1982 will be used for Phase I construction of section 2H8 (1.3 miles), the last section of the parkway to be constructed. A contract for this work, consisting of grading, is expected to be awarded in fiscal 1982.

1/ Mount McKinley National Park was redesignated as Denali National Park and Preserve through P.L. 96-487, dated December 2, 1980.

FIVE-YEAR TENTATIVE PROGRAM FOR COMPLETION OF THE
BLUE RIDGE PARKWAY, SECTION 2H
(000's)

Programmed Year	Project Description	Mileage	Project Planning Amount	Contract Amount	Construction Supervision Amount	Contingencies & Administration Amount	Total Program Amount
1st	2 Bridges STA 185 & 196	--	--	4,100	600	800	5,500
2nd	2 Bridges STA 246 & 220	--	--	4,500	700	900	6,100
3rd	2 Bridges STA 258 & 255	--	--	3,500	500	700	4,700
4th	Paving and Guiderail	7.7	50	2,600	400	550	3,600
Total			50	14,700	2,200	2,950	19,900

Natchez Trace Parkway
Mississippi-Tennessee-Alabama

The Natchez Trace Parkway, which is administered by the National Park Service, an agency within the U.S. Department of the Interior, will, when completed, extend from Nashville, Tennessee, through Alabama to Natchez, Mississippi, a distance of approximately 449 miles. It roughly follows the route of the Old Natchez Trace which was once an Indian path, then a wilderness road, and from 1800 to 1830 a highway binding the old Southwest to the Union.

An act of May 21, 1934 (48 Stat. 791), authorized $50,000 for a survey of the "Old Indian Trail" known as the "Natchez Trace," with a view toward constructing a national road on this route to be known as the "Natchez Trace Parkway." Construction was started in 1937 with funds allocated from the Emergency Relief Appropriation Act of 1935 and, in the succeeding 4 years, work on 105 miles was accomplished. Since 1947, when construction was resumed after World War II, another 249 miles have been completed.

With initial construction in 1937, a total of $208,296,000 has been appropriated for developments through fiscal 1982. The recent history of funding for the past 21 years follows:

Funding for the Natchez Trace Parkway, Fiscal 1961-1982
Line Item Construccion and Project Planning

Fiscal 1961	$4,571,000	Fiscal 1973	1,579,000
Fiscal 1962	3,874,000	Fiscal 1974	2,560,000
Fiscal 1963	4,579,000	Fiscal 1975	7,418,000
Fiscal 1964	5,719,000	Fiscal 1976	9,529,000
Fiscal 1965	4,076,000	Fiscal 1977	4,422,000
Fiscal 1966	3,673,000	Fiscal 1977 Supplemental	29,298,000
Fiscal 1967	3,284,000	Fiscal 1978	8,000,000
Fiscal 1968	1,818,000	Fiscal 1979	19,000,000
Fiscal 1969	54,000	Fiscal 1980	24,000,000
Fiscal 1970	200,000	Fiscal 1981	7,850,000
Fiscal 1971	68,000	Fiscal 1982	12,285,000
Fiscal 1972	2,986,000		
	Total	160,843,000	

State	Miles Completed	Miles Funded	Miles Not Funded	Miles Total
Mississippi	265	16	32	313
Alabama	27	6	0	33
Tennessee	64	0	39	103
Total	356	22	71	449

Five-Year Program for Completion
(Dollars in Thousands)

1st year	Construct section 3V - 8 miles of new construction and 11.2 miles of paving in Mississippi	$ 31,500
	Final surface 42.8 miles in sections 3A, 3B, and 3C in Mississippi	7,000
	Final surface 12.1 miles in section 2D in Alabama	2,000
2nd year	Construct 16 miles in Tennessee	59,500
3rd year	Construct 19 miles in Tennessee	46,000
4th year	Construct 19 miles in Tennessee and Mississippi	56,500
5th year	Construct 9 miles in Mississippi	31,000
	Total, 71.0 miles	233,500

Shenandoah National Park
Virginia

Skyline Drive

Shenandoah National Park was authorized May 22, 1926 (44 Stat. 616), and was established December 26, 1935.

Skyline Drive traverses the crest of the Blue Ridge Mountains within Shenandoah National Park. The Drive extends 105 miles from Front Royal in the north to Jarman Gap in the south where it connects with the Blue Ridge Parkway.

Most of the physical developments at Shenandoah National Park were installed during the 1930's, with the use of emergency relief funds, such as Public Works Administration, Civilian Conservation Corps, and Emergency Relief Administration, in addition to regular appropriations.

Approximately $11,700,000 has been appropriated for Skyline Drive and related roads through fiscal 1982. About $5 million of this total was used for initial road construction (beginning in 1933) and the balance for paving, reconstruction, and realignment during the intervening years. A recapitulation of funding for Skyline Drive and related roads since fiscal 1965 follows:

Skyline Drive, Fiscal 1965-1982

Fiscal 1965	$50,000	Fiscal 1975	--
Fiscal 1966	46,300	Fiscal 1976	--
Fiscal 1967	297,200	Fiscal 1977	--
Fiscal 1968	49,900	Fiscal 1978	265,000
Fiscal 1969	1,149,300	Fiscal 1979	288,000
Fiscal 1970	--	Fiscal 1980	--
Fiscal 1971	--	Fiscal 1981	--
Fiscal 1972	13,000	Fiscal 1982	1,215,000*
Fiscal 1973	--		
Fiscal 1974	--		
		Total, Fiscal 1965-1982	3,373,700

*Because of the late fiscal year award, these funds will be temporarily deferred in fiscal 1982 to fund the National Visitor Center roof repair as directed by the Act (Public Law 97-125, approved December 29, 1981). These funds are included in fiscal 1983 budget request; therefore, this project will only experience a few months delay.

Five-Year Program

The reconstruction of Skyline Drive, scheduled over 8 to 10 years, is estimated to cost a total of $96 million. The first year project (fiscal 1983) will provide for reconstruction of pavement, guardrails, drainage structures in the South District for a total of $4,001,000.

		($ 000's)
2nd year	Reconstruction of Skyline Drive - 35 miles - Portion	$2,466
3rd year	Third phase of reconstruction of Skyline Drive, all three Districts	3,177
4th year	Fourth phase of reconstruction of Skyline Drive, all three Districts	3,864
5th year	Fifth phase of reconstruction of Skyline Drive, all three Districts	3,864
	Total - Five Years	13,371

Cumberland Gap National Historical Park
Kentucky-Virginia-Tennessee
(Relocation of U.S. Route 25E)

Relocation of U.S. Route 25E (Cumberland Gap Tunnel) is authorized by section 106 of Public Law 93-87, the 1973 Federal Aid Highway Act.

The project would divert U.S. Route 25E from the heart of Cumberland Gap through construction of a tunnel in the mountain ridge south of the park. This relocation would allow the Gap to be restored to approximately its appearance at the time the western migration through this natural break in the mountains began about 200 years ago. In addition to eliminating traffic from the historic area and contributing significantly to the preservation, the relocation project would also facilitate the completion of the Appalachian Development Highway System.

Funds totaling $4,600,000 have been provided for the Cumberland Gap Tunnel project through fiscal 1982. The funding is summarized below:

Fiscal 1979 Field geological surveys, borings and soil testing, and preliminary engineering work for U.S. 25E approaches and tunnel alignments.	$ 1,100,000
Fiscal 1980 Continue preliminary and construction engineering, drilling of pilot bore, establishment of highway alignments, and construction of portions of approach roads and three bridge structures.	15,500,000
Less: Rescission of $12 million in accordance with Second Supplemental Appropriations Act, P.L. 97-12 (6/5/81)	Rescission -12,000,000
Balance remaining from fiscal 1980 Appropriations	3,500,000*
Total Available	4,600,000

*The $3,500,000 will provide for the continuation of preliminary and construction engineering, and this planning is underway by the Federal Highway Administration

CUMBERLAND GAP NATIONAL HISTORICAL PARK
U.S. 25E RELOCATION
REVISED PRELIMINARY COST ESTIMATE
($ in Millions)

Obligations by Fiscal Years

Type of Work	FY 79	FY 80	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year	Totals
Preliminary Engineering	1.0	3.3	4.0	1.5	0.7	0.5	0.5	0.5	12.0
Construction (a) Tunnel			7.5		42.0	3.0	12.5		65.0
(b) Highway			0.5	13.0	7.5			3.0	24.0
(c) Bridges			2.0	10.0	2.0				14.0
Construction Engineering			1.5	3.5	8.0	0.5	2.0	0.5	16.0
Contingencies and Administration	0.1	0.2	2.5	4.0	9.2	0.5	2.0	0.5	19.0
Total	1.1	3.5	18.0	32.0	69.4	4.5	17.0	4.5	150.0

NOTE: 1. Preliminary cost estimates are expressed in 1982 dollars.
2. Right-of-way is not included in the above costs.

Denali National Park and Preserve
Alaska

Main Park Road

The Main Park Road was originally constructed under the administration of the Alaska Road Commission, an agency of the Department of the Interior. (The Commission was abolished when Alaska became a State in 1959.)

The basic road was developed in the 1920's and 1930's, with construction accomplished only to a primitive level. The record of funding during that period (and up to 1950) is not available.

The Park Road is about 60 miles in length, extending from Park Headquarters in the northeast to a point beyond Wonder Lake in the southwest. The first 15 miles of roadway from the starting point at Park Headquarters to the Savage River is paved. The remaining 45 miles of roadway is gravelled.

During the period from fiscal 1950 through fiscal 1982, approximately $8,500,000 was appropriated for the Main Park Road. This funding was used to reconstruct and replace bridges, and to provide extensive improvements to the roadway, including paving, realignment, drainage, widening and regrading. A recapitulation of funding for the Main Park Road since fiscal 1960 follows:

Main Park Road, Fiscal 1960-1982

Fiscal 1960	$481,200
Fiscal 1961	750,000
Fiscal 1962	--
Fiscal 1963	--
Fiscal 1964	350,000
Fiscal 1965	--
Fiscal 1966	603,000
Fiscal 1967	653,500
Fiscal 1968	578,000
Fiscal 1969	--
Fiscal 1970	50,000
Fiscal 1971	--
Fiscal 1972	--
Fiscal 1973	--
Fiscal 1974	--
Fiscal 1975	--
Fiscal 1976	--
Fiscal 1977	--
Fiscal 1978	250,000
Fiscal 1979	1,849,000*
Fiscal 1980	--
Fiscal 1981 Supplemental	576,000*
Fiscal 1982	--
Total, Fiscal 1960-1982	6,140,700

*Funding is for replacement of the Savage River Bridge. A contract for the bridge project was awarded in September 1981.

Denali National Park and Preserve

Main Park Road

Five-Year Program

Project Description	1st	2nd	3rd	4th	5th	Total
Replace Ghiglion Creek Bridge	$2,000 a/	$30,000 p/	$127,000 c/			$ 159,000
Replace Toklat River Bridge Number 1		100,000 a/	300,000 p/	$2,620,000 c/		3,020,000
Replace Toklat River Bridge Number 2			100,000 a/	300,000 p/	$2,620,000 c/	3,020,000
Total	2,000	130,000	527,000	2,920,000	2,620,000	6,199,000

a/ Advance Planning
p/ Planning
c/ Construction

Edgewater Stables

Preliminary planning in the amount of $70,000 was provided in fiscal 1981, with completion scheduled for March 1982. In fiscal 1982, $78,000 are provided for construction drawings, which are scheduled for completion in July 1982. Construction is currently programmed in fiscal 1984 in the amount of $800,000. This project could be advertised and awarded 4 months after funds become available, with an estimated construction time of 8 months. This will complete the project and no future funds are needed.

Harpers Ferry Water System

Funds were provided by the Congress in fiscal 1981 for $50,000 to undertake a special study. The study report currently underway is to evaluate and expand on the private consultant's 1978 study and to investigate for possible new sources of water which could be used to supplement or replace the present source used by the Towns of Harpers Ferry, Bolivar Heights, and Harpers Ferry National Historical Park. Based on the conclusions and recommendations presented in the current study report to be completed by April 1982, an evaluation of estimated construction costs will be made.

Five-Year Program - Alaska Parks
($000's)

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
1. Aniakchak National Monument and Preserve					
No permanent facilities are planned for this area pending completion of General Management Plan	--	--	--	--	--
2. Bering Land Bridge National Preserve					
Access and Public Use Buildings, Shishmarif Visitor Contact Station	--	--	25 a/ 15 a/	50 p/ 37 p/	459 c/ 328 c/
Subtotal, Bering Land Bridge National Preserve	--	--	40 a/	87 p/	787 c/
3. Glacier Bay National Park and Preserve					
Rehabilitate Bartlett Cove Dock	1,170 c/	--	--	--	--
Relocate and Construct Maintenance Facility	--	14 a/	58 p/	500 c/	--
Construct Ranger Barges	--	10 a/	30 p/	262 c/	--
Construct Administrative Public Use Building	--	30 a/	15 p/	131 c/	--

a/ Advance Planning
p/ Project Planning
c/ Construction

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Construct Visitor Contact Station	--	18 a/	37 p/	322 c/	--
Repair and Resurface Main	--	20 a/	40 p/	393 c/	--
Subtotal, Glacier Bay National Park and Preserve	1,170 c/	92 a/	180 p/	1,608 c/	--
4. Katmai National Park and Preserve					
Construct Visitor Facilities to Include Comfort Station, Recreation Area, Marina and Boat Ramp	--	10 a/	45 p/	393 c/	--
Expand Headquarters Area to Include Warehouse Quarters, Public Use Facilities, Sewage Treatment Facility and Improved Dock Facilities	200 a/	505 p/	4,421 c/	--	--
Construct Maintenance Building	--	8 a/	13 p/	114 c/	--
Subtotal, Katmai National Park and Preserve	200 a/	523 a/ p/	4,479 p/ c/	507 c/	--
5. Klondike Goldrush National Historical Park					
Restore Historic Buildings	--	213 p/	1,202 c/	662 c/	--
Subtotal, Klondike Goldrush National Historical Park	--	213 a/ p/	1,202 c/	662 c/	--

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
6. Denali National Park and Preserve					
Construct Polycrome Pass Comfort Station	--	--	--	24 c/	210 c/
Underground Fuel Storage and Distribution System	725 c/	--	--	--	--
Construct Comfort Station	--	--	5 a/	8 p/	66 c/
Construct Fire Protection/Water System	--	50 a/	31 p/	271 c/	--
Reconstruct and Expand Headquarters Water System	240 p/	2,113 c/	--	--	--
Construct Headquarters Storage Building	--	--	--	18 p/	157 c/
Reconstruct and Expand Hotel Parking Area	--	--	18 a/	18 p/	250 c/
Replace Seasonal Tent Frames with Permanent Facilities	--	--	28 a/	100 p/	1,769 c/ (Phase I)
Construct Ranger Station and Comfort Station	--	--	20 a/	50 p/	432 c/
Construct Comfort Station	--	--	20 a/	50 p/	40 c/

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Construct Campsites, Water, Sewer, and Comfort Station	--	--	20 a/	50 p/	406 c/
Construct Wonder Lake Water and Sewer System	--	60 p/	1,058 c/	--	--
Construct Water and Sewer System at Toklat	--	30 p/	131 c/	--	--
Construct Water and Sewer at Savage River	30 p/	190 c/	--	--	--
Convert Steam Plant to Coal	500 p/	1,048 c/	--	--	--
Construct Riley Creek Information Center	--	--	12 a/	12 p/	100 c/
Subtotal, Denali National Park and Preserve	1,495 c/ p/	3,491 p/ c/	1,343 a/ c/ p/	601 p/ c/	3,430 c/
7. Gates of the Arctic National Park and Preserve					
Construct Administration and Public Use Buildings, Storage and Ranger Facilities	30 a/	90 p/	301 c/ (Phase I)	459 c/ (Phase II)	--
Subtotal, Gates of the Arctic National Park and Preserve	30 a/	90 p/	301 c/	459 c/	--

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
8. Alaska Northwest Parks:					
Cape Krusenstern, Kobuk Valley, and Noatak National Preserve					
Construct Kolzehie Headquarters Facilities and Public Use Buildings, Maintenance Storage Quarters and Aircraft Facilities	--	60 a/	341 p/	1,572 c/	1,402
Construct Five Field Ranger Stations	426 c/	--	--	--	--
Subtotal, Alaska Northwest	426 c/	60 a/	341 p/	1,572 c/	1,402 c/
9. Lake Clark National Park and Preserve					
Construct Administration Headquarters and Visitor Contact Station at Park Allsworth	80 a/	400 p/	1,965 c/	1,522 c/	--
Subtotal, Lake Clark National Park and Preserve	80 a/	400 p/	1,965 c/	1,522 c/	--
10. Yukon - Charley Rivers National Preserve					
Construct Maintenance and Storage Facility	1 a/	3 p/	20 c/	--	--
Construct Administrative and Public Use Buildings	--	19 p/	168 c/	--	--
Subtotal, Yukon - Charley Rivers National Preserve	1 a/	22 p/	188 c/	--	--

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
11. Kenai Fjords National Park					
Construct Administrative and Visitor Facilities	--	--	47 a/	140 p/	1,245 c/
General Glacier Development	90 p/	2,751 c/	68 p/	590 c/	--
Subtotal, Kenai Fjords National Park	90 p/	2,751 c/	115 a/ p/	730 p/ c/	1,245 c/
12. Wrangell-St. Elias National Park and Preserve					
Construct 3 Outport Prefabricated Ranger Stations	63 c/	--	--	--	--
Subtotal, Wrangell-St. Elias National Park and Preserve	63 c/	--	--	--	--
Grand Total, Alaska	3,555	7,642	10,154	7,748	6,864

Historic Preservation Fund

Question: Your request for the Historic Preservation activity in FY 1983 is for no funds. Your justification for this zero request is that the Tax Act Amendments of 1981 provide substantial incentives in the form of tax credits for private investors to further historic preservation goals. What is your estimate of the number and value of tax credits that will be claimed? Who developed that estimate and what is its basis?

Answer: We understand that the Joint Committee on Taxation and the Department of the Treasury have estimated that the 25 percent income tax credit will generate $200-$250 million in tax expenditures in fiscal 1983.

The National Park Service estimates that 2,100 certifications of rehabilitation will be approved in fiscal 1982.

Question: You have added about $800,000 to the cultural resources program in the National Recreation and Preservation appropriation account to handle the increased tax act certification activities that will have to be performed by NPS as a result of less tax act certification work at the state level. Please tell us how much money the NPS now spends for these activities, how much staff is available and how much staff will be available if your 1983 proposal is accepted. What type of workload analysis have you developed to support your contention that these funds and staff levels will be adequate to carry out the increased tax act work in a timely manner?

Answer: Secretary Watt has expressed his commitment to prompt and efficient implementation of the new tax benefits program. In fiscal 1981, the Service spent about $632,000 on tax certification work and 21 work years were used. In our view, considering both the need to reduce the size of the Federal budget and the amount of certification requests submitted in fiscal 1980 and fiscal 1981, the $800,000 requested increase should enable NPS to administer tax certification activities without assistance from SHPOs. We have not requested a significant increase in FTEs because the Service intends to reassign staff from other functions to handle the increased workload of this priority activity.

Question: What is the current role of the NPS regional office in these tax certifications? What are their current staffing and funding levels? What is the current workload and backlog at the individual regional offices for these certifications?

Answer: The role of regional offices is to review all tax certification applications that are forwarded by SHPOs and issue approval or disapproval of certification requests.

The following table presents FY 1981 work months and products for these activities in the 7 regional offices involved:

	SWRO	RMRO	WRO	SERO	MARO	NWRO	MWRO	Total
Work Years	2.08	1.42	1.33	3.66	3.33	.83	1.33	13.98
Cost	62,570	42,716	40,009	110,000	100,173	24,968	40,009	420,546
Cert. Request of Stat. & Loc. Dist. Rec'd	1	13	9	3	25	0	19	70
Request for Determination of Significance Rec'd	86 --	103 --	161 --	377 --	392 --	18 --	175 --	1,312 (8)
Backlog	--	--	--	(8)	--	--	--	(8)
Request for Cert of Rehab. Rec'd	91	237	43	416	526	37	175	1,525
Backlog	--	--	--	--	--	--	--	(0)

Question: Basically, your proposal, as we understand it, would replace state certification activities with Federal activities. You estimate that NPS can continue these certification activities with an additional $800,000 annually. Is that reasonable? If not, what would it cost to move from the current State-Federal cooperative effort in tax act certifications to a strictly Federal program?

Answer: In our view, the $800,000 requested increase would enable the Service to administer tax certification activities without assistance from the SHPOs, although perhaps not as promptly as under present system.

Question: What role do the states currently play in nominations to the National Register? As we understand it, tax credits of 25% are available only to buildings on the National Register or in Historic Districts. What will happen to nominations to the Federal Register if grants to states are eliminated? How will the NPS respond to that.

Answer: State Historic Preservation Offices currently play a central role in the National Register program. Their major activities are:

- disseminate information about the National Register program;
- screen nominations for potential listing;
- research and prepare nominations;
- assist individuals, organizations, and Federal agencies in preparing nominations;
- conduct technical review of nominations for historical accuracy, significance, and physical integrity;
- present nominations to the State Review Board for consideration and recommendation for listing;
- send notifications to owners advising them that their property is under consideration for listing;
- conduct public meetings for historic district nominations;
- notify local officials of National Register listing in their area of jurisdiction;
- provide recommendations to the Department of the Interior on significance of potential tax credit properties located in historic districts, and;
- provide information to National Register property owners on benefits of listing.

Tax credits of 25% are available to an owner of a depreciable property who undertakes a certified substantial rehabilitation. These credits are available to an owner whose property is individually listed on the National Register or certified as significant to a historic district listed on the National Register. Tax credits of 25% are also available to an owner whose property contributes to a locally designated historic district which has been certified by the Service as substantially meeting National Register criteria (both local ordinance and historic district must be certified before the property can be certified).

Because the National Register was temporarily closed to private property nominations during 1981, nominations during 1982 could go as high as 8,000. However, the number of nominations to the National Register in FY 1982 under normal circumstances, would have been about 3,600. If grants to the states are eliminated, either the Service would assume the technical review of nominations, or the Federal government would purchase the technical review service from the State Historic Preservation Offices. The first alternative, the Federal in-house approach, would result in processing approximately 75% of the estimated level or 2,700 nominations in fiscal year 1983. The second alternative, the Fee Basis approach, would result in processing approximately 90% of the estimated level or 3,250 nominations in fiscal year 1983.

Question: What other activities are currently performed by the States that will be lost if the HPF is eliminated in 1983? Are any of these of sufficient value to the NPS that you would encourage their continuance?

Answer: All activities (except A-95 coordination) would be continued to some level of effort. Either NPS would carry out these activities or would purchase the services. With the elimination of HPF grants, A-95 coordination on historic preservation would be substantially ended by States. Certification of properties eligible for tax benefits would be retained because they are part of the Secretary's preservation priorities. Administration of existing grants would only continue until existing obligations were expended. Surveys, EIS assistance, 106 coordination and assistance, and determinations of eligibility assistance would continue at a level needed to support minimum Federal compliance with historic preservation requirements. Administration of existing covenants on historic properties would continue because of prior contractual agreements, although compliance monitoring would be reduced. Preservation planning activities including establishing resource protection priorities, determination of eligibility criteria, data recovery priorities, and technical assistance to development agencies on rehabilitation, would be undertaken by Federal agencies on an interstate level. These planning activities would continue because they are necessary to assist Federal agencies in developing a cost-effective program responsive to historic preservation. These activities are all essential to a sound decentralized historic preservation program.

Question: The NPS is not requesting additional funds in 1983 to administer existing grants for the Historic Preservation program. Rather, you are proposing a deferral of $781,000 in 1982 funds to cover these costs in 1983. What were the 1981 costs? For how many contracts? What are the estimated 1982 costs? For how many contracts? What are the estimated 1983 costs? For how many contracts? What will the NPS do in 1984 for those contracts still outstanding?

Answer: Administrative costs in 1981 were budgeted at $1,540,000. This amount was used to administer 2,023 active grant agreements and perform the other related grant management activities. Expenditures totalled $52.3 million.

Administrative costs for 1982 are estimated to be $.9 million to administer 1,408 active grant agreements and associated activities (audits, standards, application review, etc.). Expenditures to date total $20.6 million, and are projected to total $48 million at the end of the fiscal year.

We have budgeted $781,000 for 1983 to administer the spendout of approximately 640 active grants, with estimated expenditure of $30 million.

The fiscal 1984 budget will address the issue of administrative funding requirements for grants still active at that time. Realistic alternatives will depend on number of outstanding grants and the nature and level of State participation in the program.

National Trust for Historic Preservation

Question: You have a grant to the National Trust for Historic Preservation in 1982 of 4-million-four-hundred and sixteen-thousand dollars and are proposing zero for 1983. What activities do the National Trust for Historic Preservation's work plans for 1982 include? What will each of these activities cost? If funds are not provided to the Trust in 1983, will the NPS take over some of these activities? For example, the Trust manages a number of historic properties. Does the NPS anticipate administering these if no funds are provided to the Trust?

Answer: We are forwarding for the record the National Trust's FY 82 grant application. This outlines all the Historic Preservation Fund assisted activities. For grant-making purposes, starting in FY 82, the several program activities were combined at Service request into two categories, "Program Operations" and "Administration." The following is the distribution of the total FY 82 funding obligation to the Trust.

- Program Operations.............	$3,316,000
- Administration.................	$1,100,000
	$4,416,000

The Service does not foresee assuming the Trust's activities and programs, nor does the Service anticipate administering Trust-owned properties if no HPF monies are provided for FY 83. However, if the Trust should cease to exist, the Federal Government would be the lawful successor in interest. The National Trust fiscal 1982 grant application record is as follows:

ATTACHMENT A

NATIONAL TRUST FOR HISTORIC PRESERVATION
HISTORIC PRESERVATION FUND
FISCAL YEAR 1982 WORK PROGRAM

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		PRESERVATION SERVICES		
		National Preservation Conference		
1	1,2,3	1. In conjunction with all Trust offices, and with appropriate local and regional preservation organizations, plan, administer and implement the National Preservation Conference.		
		a. Target 36th annual conference (to be held in Louisville in October 1982) to attract 1,500 preservationists. Plan a program by spring of 1982 which provides for a full range of topical issues.		
		Education/Professional Services		
2	1,2,3	2. Satisfy the educational mandate of the National Trust Charter; offer a variety of programs and services which strive to educate the Trust constituencies, particularly those at the state and local levels.		
		a. Develop and assist other staff in conferences and seminars on critical issue topics of national concern; including economics and state and local legislation.		
		b. Develop management training curriculum for officers and board members of preservation organizations by July 1982.		
		Information Services		
3	1,2	3. As the largest national information center on historic preservation in the United States, expand information resources and increase access to them for the preservation community, targeted allied constituencies and Trust staff.		
		a. Acquire 7,000 books, pamphlets and iconographic materials to add to collection; respond to at least 6,000 individual reference requests.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		b. Increase access to Trust information resources; concentrate upon potential linkage between Trust collections and existing bibliographic data base systems. c. Identify information needs of the preservation community and produce six new Information Sheets and two reprints and other publications to fill the needs of targeted audiences by September 1982; 25,000 copies available for distribution.		
4	1,3	Grants and Loans 4. Administer all financial assistance provided to further historic preservation goals in a manner that will leverage maximum public and private resources, enhance the ability of state and local preservation organizations to undertake sophisticated projects and strengthen the role of these organizations in the processes that decide the future of historic resources. a. Administer the Preservation Services Fund ($150,000 to be awarded), the National Preservation Revolving Fund ($160,000 in loan commitments and $60,000 in loan guarantees, non-HPF expenditures), the Endangered Properties Fund ($300,000 obligated) and the Critical Issues Fund ($75,000 in commitments, non-HPF). Develop innovative leverage methods in cooperation with grantors or lenders. b. Intensify technical assistance to targeted organizations to strengthen their ability to finance preservation projects through a workshop. c. Administer a new funding initiative to provide approximately $250,000 in 10-12 grants to statewide preservation organizations to strengthen their ability to offer preservation assistance (by July 1982).		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
5	1,2,3	Maritime Preservation 5. Develop a cohesive national maritime preservation constituency at all levels throughout the country; strengthen the Trust program through demonstration programs, information resources, educational methodologies and the administration of funding mechanisms. a. Provide for research of a manual of preservation philosophy and technical standards by September 1982. b. Hold two meetings of the Maritime Heritage Task Force. c. Support maritime preservation demonstration projects nationwide through the administration of a maritime grants program which features on-going technical and advisory assistance to grant recipients; $100,000 to be provided to approximately 15 organizations. d. Communicate to targeted audiences the need for maritime preservation and its economic impact and inspirational benefits by filling 30 speaking engagements, fostering media coverage, planning for third National Maritime Preservation Conference and approximately 3,000 service responses for information.		
6	1,2,3	Neighborhood Conservation 6. Foster the revitalization and stabilization of neighborhoods utilizing the principles of the preservation movement; provide ideas, guidance and information to assist in the formation and effectiveness of neighborhood groups; encourage the development of city, state and national alliances with preservation organizations. a. Three regular issues and three special issues, distributed bi-monthly to neighborhood organizations throughout the		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		country, of "Conserve Neighborhoods" newsletter. b. Site visits, phone contacts and 75-100 letters each month will promote Trust neighborhood programs and work will advance to refine the neighborhood information clearinghouse and network potential. c. 1,000 "Conserve Neighborhoods" kits for neighborhood groups will be produced and ready for distribution by January 1982.		
7	1,2,3	National Main Street Center 7. Stimulate economic development within the context of preservation; build coalitions with other constituencies; strengthen the capacity of state and local organizations; and communicate to public policy makers and the investment community as well as to preservationists involved in the downtown area. a. Through approximately 100 days of on-site consultations, provide intensive technical assistance to six demonstration states, working closely with state interagency coordinators, to develop a public/private network supporting revitalization programs in 30 demonstration cities. A pilot training program will be held for program managers by May 1982. b. Publish an insert in the International Downtown Executives Association newsletter to assist in the communication of the Main Street method of commercial revitalization. c. Evaluate and document the economic and attitudinal changes and impact of Main Street revitalization in 30 project towns in reference to new jobs, capital investment and business expansion.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
8	1,2,3	Rural Project 8. Increase awareness of rural cultural resources and their protection; conduct demonstration programs, create training opportunities and produce publications for targeted audiences concerned with environmental protection and the enhancement of rural areas. a. Build permanent coalitions and develop imaginative protection methods for natural, scenic, agricultural and architectural resources in the rural environment. b. Provide for research into a "how to" publication based upon more than two years of experience in rural preservation. c. Expand clearinghouse role and continue to provide advice and information to targeted constituencies. d. Assure planning for a seminar on rural preservation techniques to be held in Cazenovia, New York in September 1982.		
		PRESERVATION PRESS		
9	1,2	Historic Preservation - Bimonthly Magazine 9. Disseminate information on local, state, regional, national and international preservation programs and issues and on Trust policies and activities to Trust members and the public. a. Meet a bimonthly publication schedule, printing 6 issues of 64 pages each. b. Publish approximately 50 articles and opinion columns reflecting the scope of preservation opinion and activities		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		in all geographical areas of the United States. Feature special-Trust programs and give critical treatment to subjects related to targeted audiences and member organizations.		
10	1,2	Preservation News - Monthly Newspaper 10. Disseminate information on local, state, regional, national and international preservation programs and issues and on Trust policies and activities to Trust members and the public. a. Print 3 issues of 16 pages each and 9 issues of 12 pages each on a monthly schedule. b. Publish a variety of news, features, editorials and columns with major emphasis on non-Trust material and with balanced coverage of all geographic areas of the United States. c. Publish special subject supplements directed to targeted audiences.		
11	2	General Publications 11. Disseminate, in coordination with the initiating Trust office, information on preservation programs and issues, as well as Trust policies, to specific audiences and the public through approximately 3 bimonthly newsletters, 12 reports, 40 brochures and other printed material. a. Plan, design, edit and produce general publications, including brochures, announcements, newsletters, direct mail packages, stationery, conference materials, directories and catalogs. b. Through publication of 7,000 copies of the annual report in February, disseminate information on preservation		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		programs and Issues, as well as Trust policies.		
12	1,2	Book Fund 12. Produce publications that inform the active and professional preservation community, create preservation awareness and interest in the public and respond to internal book publishing needs of Trust offices and programs. a. Plan 6 new books on preservation programs and issues that reflect preservation communications needs of specific audiences and the public. b. Initiate 8 new books for targeted audiences and those resulting from demonstration projects and publish 2 books in progress (4-6,000 copies each).		
		HISTORIC PROPERTIES		
13	3	Restoration Workshop 13. Develop a training program for 8-10 crafts apprentices, representing the only Trust activity targeted toward the building trades. Program will be of the highest caliber to assure a continuing supply of artisans in the traditional building crafts. a. Improve skills of trainees through a broadened curriculum and on-site training within the context of assigned work projects. Develop a strategic plan for the Workshop and submit proposals in final draft by April 30, 1982. b. Participate in public forums and disseminate information to targeted and general publics on proper restoration techniques through participation in at least five public programs.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		c. Conduct Winter Training Program to provide apprentices with combination of theoretical and practical knowledge in a variety of craft areas.		
14	1	Historic Houses 14. Demonstrate appropriate adaptive use of selected historic properties and management/development approaches which assure economic self-sufficiency of seven historic houses. The program will maintain high standards of preservation and use to provide a working model for preservation organizations throughout the country to emulate. Includes Casa Amesti (Monterey, CA), Cooper-Molera Adobe (Monterey, CA), Mt. Harmon (World's End, MD), William Aiken House (Charleston, SC), Batchelor's Hope (Chaptico, MD) and Bowlingly (Queenstown, MD).		
		a. Assess Historic House program and prepare draft report by 2/28/82. +		
		b. Revise program, based on assessment and approval, by 7/1/82. +		
		c. Prepare to implement program by 10/1/82 for Aiken House, Mt. Harmon and Bowlingly. +		
		d. Initiate planning process for Glass House (New Canaan, CT(by 6/1/82. +		
15	1	Co-Stewardship Property Program 15. Assure high quality preservation, restoration, interpretation and use of selected National Trust properties while providing for maximum efficient operation through local management and expanded local support. Includes Belle Grove (Middletown, VA), Oatlands (Leesburg, VA), Frank Lloyd Wright Home & Studio (Oak Park, IL), Filoli (San		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		Mateo County, CA), and Brucemore (Cedar Rapids, IA). a. To review, analyze and approve annual budgets for Belle Grove, Oatlands, Brucemore, Filoli and Frank Lloyd Wright Home and Studio by 8/1/82. b. Represent the National Trust at a minimum of eight board meetings. c. Provide assistance in administration of development projects at Oatlands, spring 1982. d. Assist Belle Grove and Brucemore in formulation of long-range planning of objectives and strategies by September 30, 1982.		
16	1,2,3	Decatur House (Washington, D.C.) 16. Preserve Decatur House as the only remaining Latrobe-designed residence and the home of Stephen Decatur and to interpret the property to the public; develop an expanded special property use program. a. Open the House on a regular basis for a minimum of 200 days, attracting 8325 walk-in and group tour visitors. b. Host five special events or exhibitions. c. Expand special property use programs. d. Improve the visitors' experience by upgrading the permanent exhibit by March 1982. e. Commence repair and replacement of garden lighting fixtures and wiring, November 1981.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		f. Commence phased repainting of interior spaces by January 1982.		
		Woodrow Wilson House (Washington, D.C.)		
17	1,2,3	17. Preserve the Woodrow Wilson House, a National Historic Landmark, as the final home of the 27th American President and to interpret it to the public; broaden exposure to the property.		
		a. Open the house on a regular basis for a minimum of 200 days, attracting 11,000 walk-in and group tour visitors.		
		b. Conduct a marketing study by December 1981 to determine the most cost-effective means of increasing visitation and to implement the study's recommendations by March 1982.		
		c. Sponsor six special events or exhibitions.		
		d. Commence stabilization of landscape structural elements by spring, 1982.		
		e. Commence phased repainting of museum spaces by March 1982.		
		f. Institute energy conservation measures by December 1981.		
		Shadows-on-the-Teche (New Iberia, LA)		
18	1,2,3	18. Preserve the Shadows-on-the-Teche, a National Historic Landmark, using the highest professional standards and interpret the property to the public as a significant historic and architectural example of nineteenth century Louisiana rural life; strengthen local participation in the property.		
		a. Open the Shadows on a regular basis for a minimum of 350 days, attracting 28,750 walk-in and group tour visitors.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		b. Host "Super Saturday" program for gifted and talented children, and host the Children's Christmas Program, December 1982.		
		c. Work with the Shadows Service League to produce a minimum of five special events.		
		d. Expand the Friends Program, generating additional local membership.		
		e. Initiate phased refurbishment of museum spaces by October 1982.		
		f. Implement more detailed and scheduled landscape maintenance processes by September 30, 1982.		
		g. Prepare mansion and collections for major rehabilitation project to begin in 1983; preparation by September 30, 1982.		
		h. Continue implementation of energy management techniques in all occupied structures by September 30, 1982.		
		Woodlawn/Pope-Leighey House (Mt. Vernon, VA)		
19	1,2,3	19. Preserve Woodlawn, the Pope-Leighey House and grounds, all National Register properties and interpret them to the general public while developing a program of related special exhibits, exposing the property to an expanded audience.		
		a. Interpret Woodlawn and the Pope-Leighey House to a diverse public with particular attention to expanded visitation by 5%.		
		b. Determine the economic feasibility of expanded use of Woodlawn as a conference facility and, if feasible, implement the program, thereby providing a meeting site for targeted preservation organizations.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		c. Continue special events and special property use programs at an increased level above FY 1981, exposing the property and the Trust to increased publics.		
20	1,2,3	Lyndhurst (Tarrytown, NY) 20. Preserve Lyndhurst, a National Historic Landmark, recognized as the most significant American example of Gothic Revival architecture utilizing the highest professional standards and exhibit and interpret it for public benefit; develop sound uses for Lyndhurst's land and ancillary structures as an effective demonstration of adaptive use of a large estate.		
		a. Revise interpretive approaches for handling increased visitation at a reduced cost and expand programs of visitation, special exhibits and special property use.		
		b. Expand local involvement for Lyndhurst.		
		c. Initiate studies for the Swim Tank, Recreation Building and Greenhouse for the benefit of the property, demonstrating innovative reuse to target audiences.		
21	1,2,3	Chesterwood (Stockbridge, MA) 21. Preserve Chesterwood, a National Historic Landmark, its collections and grounds, in an exemplary manner as the summer home and studio of sculptor Daniel Chester French and to interpret the property to the public; sustain a program of high quality, special exhibitions to encourage expanded visitation.		
		a. Open Chesterwood on a regular basis for a minimum of 175 days, attracting 25,000 visitors.		
		b. Host four special events.		
		c. Install and promote "Outdoor Sculpture in the Berkshires, III" for the FY 82 visitor season.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		d. Develop a local "Friends Program."		
		e. Develop plan for converting second floor bedrooms to museum storage by July 1982.		
		f. Commence stabilization of kitchen courtyard by April 1982.		
		g. Paint exterior of Canary Cottage, May 1982.		
		h. Fabricate protective vitrines for Lincoln statue in studio by May 1982.		
		i. Continue replanting of historic landscape materials.		
		Cliveden (Philadelphia, PA)		
22	1,2,3	22. Continue development of Cliveden, a National Historic Landmark, as an exemplary historic house museum interpreting the Middle Georgian period of architecture and develop a community preservation program targeted at assisting the revitalization of Germantown.		
		a. Open the house on a regular basis for a minimum of 90 days attracting 3,000 walk-in and group tour visitors.		
		b. Host five special events.		
		c. Expand special property use.		
		d. Analyze and review the need and potential success for a Germantown Neighborhood Conservation program at Cliveden.		
		e. Commence repair and restoration of woodwork in Mansion and in the barn, December 1982.		
		f. Paint garden fence in spring, 1982.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		g. Prepare conservation of chairs, January 1982.		
		Drayton Hall (Charleston, SC)		
23	1,2,3	23. Preserve Drayton Hall, a National Historic Landmark, using the highest professional standards and interpret the property to the public as an outstanding, surviving unrestored example of mid-eighteenth century American architecture; develop greater local involvement in the property.		
		a. Open Drayton Hall on a regular basis for a minimum of 350 days, attracting 25,000 walk-in and group tour visitors with admission income of $51,650.		
		b. Complete current research on the Drayton Family by the end of FY 82.		
		OK – per [illegible] [illegible] to [illegible] [illegible] landscape – c. Commence replanting of significant trees on lawn and avenue, January 1982.		
		d. Commence preventive maintenance program for 19th C. barn in fall 1981.		
		e. Complete and formally adopt policy revised statements relating to treatment of buildings, grounds and interpretation by March 31, 1982.		
		REGIONAL PROGRAMS		
		Western Regional Office (San Francisco, CA)		
24	1,2,3	24. Provide leadership to the Western preservation constituency and represent the programs, services and organizational goals of the National Trust throughout the 8 state region and U.S. territories; assist regional preservation groups		

BEST COPY AVAILABLE

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		in presenting preservation as a constructive element within regional environmental and economic development objectives. Region includes Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Trust Territory of the Pacific Islands, Utah, Washington and Wyoming. a. Focus WRO preservation services on developing the organized preservation constituencies capacity to engage in planning, property stewardship and economic development projects with complex environmental and economic structure; 45 on-site technical assistance visits and two cooperative projects and conferences. b. Develop a constituency within the regional legal community and provide legal assistance to the Western preservation constituency, publish in regional law journals (2 articles), participate in workshops and develop a list of attorneys capable of providing pro bono services. Midwest Regional Office (Chicago, IL)		
25	1,2,3	25. Provide preservation leadership and advisory assistance to the 10 state Midwest region through a focussed program of services, special projects, and representatition of Trust goals and programs. Region includes Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, North Dakota, Ohio, South Dakota and Wisconsin. a. Target 15 field service visits to specific communities and issues throughout the region in the areas of real estate, and urban development.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		b. Build the regional network in order to strengthen regional cooperation on issues and projects through two workshops and three shared programs and projects. c. Develop information on issues concerning the preservation of major regional landmark properties, surplus schools and courthouses, in order to demonstrate economic and architectural feasibility of complex adaptive use. Write two Information Sheeets in conjunction with headquarters. d. Target development of new constituencies within banking and investment communities.		
		Southern Regional Office (Charleston, SC)		
26	1,2,3	26. Provide leadership and specialized assistance and represent the goals, programs and services of the National Trust to the organized preservation constituency throughout the 10 state southern region; build a strong infrastructure of local and statewide preservation organizations. Region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. a. Strengthen local and state preservation organizations through two in-depth targeted regional workshops and consultancy; specifically address organizational development issues of all statewide organizations in region through conferences. b. Represent the financial and technical assistance programs and organizational goals of the National Trust on		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		a targeted basis in order to increase the effectiveness of local organizations and the placement of Trust resources.		
		c. Develop strategies for establishing relationships with developers, local government agencies and architects.		
		Southwest/Plains Regional Office (Oklahoma City, OK)		
27	1,2,3	27. Provide the preservation constituency of the region with a focussed program of preservation assistance by means of advisory and field services, projects, targeted programs and coordinated functions, providing specialized services to state and local organizations. Region includes Colorado, Kansas, Nebraska, New Mexico, Oklahoma and Texas.		
		a. Expand and focus field and advisory services to 3 targeted communities and build a constituency within the real estate brokerage communities.		
		b. Increase office visibility and regional identification through volunteer-organized Preservation Week activities, two President's visits and potential regional conference,		
		c. Initiate deeper interactive relationships with state and local organizations through program relationships.		
		Mid-Atlantic Regional Office (Washington, D.C.)		
28	1,2,3	28. Advocate and lead historic preservation activities in the region; provide technical advice and assistance to organizations and communities undertaking preservation activities and work to strengthen state and local organizations through		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		training and joint venture projects. Region includes Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Puerto Rico, Virgin Islands, Virginia and West Virginia.		
		a. Provide technical advice and assistance to fifteen organizations and thirty communities through field services, targeted contacts with officials and coordination of Trust legal services.		
		b. Strengthen state and local organizations through two workshops leading to regional and national networking.		
		c. Initiate special programs on regional preservation issues, focussing on special needs of urban preservation organizations.		
		Northeast Regional Office (Boston, MA)		
29	1,2,3	29. Provide leadership to preservation interests and represent Trust programs and services throughout New England and New York State. The Northeast Regional Office's programs have as their goals the strengthening of state and local organizations to become full participants in community conservation, real estate and economic development activities. Region includes Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont.		
		a. Establish strong cooperative relationships with regional infrastructure of statewide preservation groups to contribute to their development and achievement of mutual project and program goals through 2 special projects and 1 cooperative program.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		b. Foster cooperative relationship between historic preservation and economic development through a 15 month regional special project addressing preservation and industrial use of historic mill complexes and extension of Trust special projects. One regional conference and publication will result during fiscal year.		
		c. Expand visibility of preservation through refinement of the field assistance program to ten target organizations involved in real estate.		
		d. Through a professional study to be conducted by summer 1982, determine feasibility for investment in real estate development project to establish National Trust architectural identity.		
		OFFICE OF THE GENERAL COUNSEL		
		General Counsel		
30	1,2,3	30. Assist state and local governments, preservation organizations and lawyers to identify and develop legal, real estate and tax planning opportunities for preservation.		
		a. Expand and improve delivery of legal assistance to member organizations and in selected cases to state and local governments.		
		b. Develop strategies to increase knowledge of preservation law among lawyers, law schools and legislators including a series of Preservation Law Conferences and test marketing of a Preservation Law Reporter.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		c. Intervene in selected major preservation cases involving threats to National HVstoric Landmarks, significant national legal issues or important issues of state or local preservation law which have broad applicability.		
		OFFICE OF POLICY AND PLANNING		
		Policy and Planning		
31	1,2	31. Coordinate research and analysis for the formulation of positions on preservation-related policy issues.		
		a. Develop a system to conduct research, collect and analyze information about preservation (especially its economic and social benefits).		
		OFFICE OF PUBLIC AFFAIRS		
		Public Affairs - Vice President		
32	1,2,3	32. Concentrate efforts on a targeted media strategy, which focuses on a key preservation issue, and by creating public awareness for important Trust programs, position the Trust as the leading national spokesman for preservation.		
		a. Implement a national media strategy consisting of statements to the press, press backgrounders, interviews, by-line articles focusing on the new tax incentives.		
		b. Plan and implement a antional observance of National Historic Preservation Week which focuses on the new tax incentives.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		c. Handle press releases, interviews and media events for Inner-City Ventures Fund.		
		d. Handle President's speaking and public affairs needs by writing speeches for 10 public appearances.		
		e. A one-month (February 1982) public affairs program will be implemented to publicize the findings of the National Trust's research on arson/historic buildings.		
		f. Write a publicity plan for Louisville meeting by early summer 1982.		
		g. Implement 8 domestic and foreign preservation study tours; seek to implement 2 low-cost domestic study tours which appeal to younger members.		
		Membership Development		
33	1,2	33. Strive to increase the membership level of the Trust.		
		a. Develop the most cost-effective new member programs; concentrate on developing program(s) to support state/local preservation organizations.		
		b. Educate the public as to preservation ethic in all membership development contacts so as to increase involvement in preservation movement.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		OFFICE OF THE PRESIDENT		
		Executive Office		
1	1,2,3	1. Provides leadership in assessing the environment in which the Trust operates, in articulating the Trust's priorities, and in coordinating operations, programs and activities.		
		a. Direct the organization's management, its strategic planning and its understanding of the Trust's goals and objectives.		
		b. Redirect the organization's programs and structures to accommodate stronger relationships with state and local preservation groups.		
		c. Emphasize communication efforts of the President's Office with audiences possessing targeted and specific characteristics relevant to preservation movement: at least 10 special audiences.		
		Trustees/Advisors - Corporate Secretary		
2	1,2	2. Assume compliance with the basic requirements of the Trust's Charter and Bylaws through fully informed advisory bodies and an Annual Membership Meeting, and provide leadership for the involvement of volunteers in preservation activity.		
		a. Develop and implement a program designed to attract volunteers as active participants in the accomplishment of preservation tasks.		
		b. Coordinate in consultation with the Board of Trustees and Trustees Committee Chairmen the development of agenda and background material and arrangements for four Board of Trustees meetings, six Executive Committee meetings and 12 Committee meetings.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		c. Plan and direct the Annual Membership Meeting of the National Trust, determining the location in November preceding the May event, promoting participation from across the country, developing a substantive program of significance to the Trust and to the preservation movement. d. Arrange Board of Advisors Regional Workshops in each of the six Trust regions.		
3	1,2,3	Senior Vice President 3. Plan, implement and deliver programs concerned with the Trust's historic properties, publications, preservation services and regional offices. a. Represent the Trust in international and national public and private organizations, and act in behalf of the President during his absence.		
		PRESERVATION SERVICES		
4	1,2,3	Preservation Services - Vice President 4. Develop, coordinate and administer a spectrum of educational, informational and funding programmatic models designed to serve the preservation constituency and strengthen the preservation ethic at all institutional levels, local through international. a. With Office of Regional Programs, develop and deliver to regional, state and local organizations, programs deemed to serve their preservation needs. b. Develop curruculum by May for potential series of management conferences for Board members and officers of a maximum of 30 preservation organizations.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		c. Foster the development of demonstration projects and special programs for targeted segments of the preservation movement.		
		d. Conduct evaluations of all grant programs and projects aimed at specific issues or constituencies.		
		e. Begin Minority Heritage Initiatives early in year and recommend potential new linkages between historic preservation and minority organizations throughout the nation in second half of year.		
		PRESERVATION PRESS		
5	1,2	Preservation Press - Vice President 5. Operate and provide day-to-day direction to the Preservation Press in carrying out Trust publications policy and program.		
		a. Through research and analysis, monitor changing goals and program needs of Trust, members and preservationists to determine publication program priorities and determine methods to meet these priorities through the development of new publications and the refocusing of existing ones.		
		b. Plan, revise, develop and maintain economical publications.		
		c. Conduct a study of the two major Trust publications and determine by June 1982 the format and structure of continuation of both or combination into one.		
		HISTORIC PROPERTIES		
6	1,2,3	Historic Properties - Headquarters 6. Assure that National Trust properties are properly maintained and operated effectively for public benefit following sound		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		fiscal and management practices.		
		a. Initiate local "friends programs" at Washington Properties, Drayton Hall and Chesterwood. Expand existing programs at Shadows-on-the-Teche, Lyndhurst, Cliveden and Woodlawn.		
		b. Increase visitation by 10% over 1981 and generate 3% of total visitors into Trust members.		
		c. Gain AAM accreditation program and have the remaining five museum properties participate in the AAM Museum Assessment Program.		
		d. Complete a draft of a master maintenance manual for buildings and grounds; initiate refinements for each property and complete by 9/30/82.		
		e. Complete survey of NTHP museum properties for compliance with "504" requirements by 9/30/82.		
		REGIONAL PROGRAMS		
7	1,2,3	Regional Programs - Headquarters 7. Link the National Trust to its constituencies through the six regional offices, the program of services and joint relationships with organizations and through program and policy coordination with all National Trust program units.		
		a. Develop system of training, communication and administrative support for the six regional offices. Conduct three meetings of regional representatives.		
		b. Represent and respond to grass roots preservation issues through participation in National Trust and other national organizations program and policy development, and through		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		establishment of two pilot programs through regional offices.		
		OFFICE OF GENERAL COUNSEL		
		General Counsel		
8	3	8. Provide legal services for corporate and program operations of the National Trust.		
		a. Improve quality, efficiency and timeliness of delivery of corporate legal services.		
		FINANCE AND ADMINISTRATION		
		Finance and Administration - Vice President		
9	3	9. Coordinate the activities associated with realizing an integrated approach to the management/administrative processes and practices of the organization.		
		a. Facilitate the usage of the in-house computer for informational needs of Trust offices and programs; assure a study of the long term usage and needs of computer in first quarter.		
		b. Assess and offer recommendations for potential improvement in financial operations of a minimum of three separate Trust programs.		
		Comptroller		
10	3	10. Effectuate the proper administration of the Trust's financial resources.		
		a. Complete and administer an automated in-house accounting system by June 1982.		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		b. Coordinate the annual audit of the organization: FY 81 audit finalized by December 81 and begin preparations for FY 82 audit in July 82. c. Develop a new organizational accounting manual with all procedures and processes by July 1982.		
11	1,2,3	Organizational Planning/Budgeting 11. Coordinate all planning and budgeting processes to assure the optimum allocation of the Trust's financial resources. a. Direct a process required to realize a five year plan for the National Trust; to begin in spring of 1982. b. Provide for monthly program goal and financial scheduling; monitor and assess performance. c. Oversee Historic Preservation Fund grants management responsibilities of the National Trust. d. Direct a study of the organization's future informational needs in relation to the Trust's Library; to be completed by April 1982. e. Direct a study of the major impact (social and economic benefits) of a minimum of six Trust programs by April 1982.		
12	1,3	Administration/Personnel 12. Maintain an equitable employment program for Trust staff; oversee organization insurance program. a. Manage an equitable personnel program for the National Trust staff; develop and apply personnel policies in accordance with state and federal laws. b. Assist interested preservation organizations by developing		

OBJ. NO.	FY 82 PRIORITY	ANNUAL OBJECTIVE SUPPORTING ACTIVITIES	PROGRESS REPORT	END OF YEAR REPORT
		a member organization insurance program by summer 1982. c. Research and develop a management training package for internal and external needs.		
13	2,3	Data Processing 13 Fulfill the information processing needs of the National Trust, including membership records, accounting and an information retrieval/dissemination system for Trust programs. a. Maintain National Trust accounting data; assure completion of in-house system by June 1982. b Oversee a Trust-wide automated information processing study.		
14	3	Office Services/1785 Massachusetts Avenue 14. Conduct all operations necessary to provide Trust personnel with an adequate and safe working environment, and services to ensure efficient and economic staff performance. a. Administer a records management program incorporating the shared logic word processing system as well as records needing file determination and/or retirement. b. Administer the procurement system, in compliance with procedures with both federal and National Trust regulations.		

• ATTACHMENT B

SUMMARY SHEET
NATIONAL TRUST

FY 82 DEVELOPMENT PROJECTS

TITLE	CITY/TOWN	PRESERVATION TREATMENT	TOTAL PROJECT ($)	FEDERAL SHARE ($)	NON-FEDERAL SHARE ($)	ESTIMATED SUBMISSION DATE	NTHP FY 82 PRIORITY(IES) (#)
Belle Grove	Middletown, VA	Master Plan	4,000	2,000	2,000	3/82	6, 8, 10
Chesterwood	Stockbridge, MA	Stucco Preser.	20,000	10,000	10,000	4/82	6, 10
		Roof Replacement	20,000	10,000	10,000	6/82	
Cliveden	Philadephia, PA	Laundry Stabilization	15,000	7,500	7,500	11/81	6, 10
		Roof Replacement	35,000	17,500	17,500	7/82	
Drayton Hall	Charleston, SC	Archaeology	15,000	7,500	7,500	5/82	6, 10
		Woodwork Stabilization	15,000	7,500	7,500	1/82	
Lyndhurst	Tarrytown, NY	Stabilization of Dependencies	80,000	40,000	40,000	1/82	6, 9, 10
		Mechanical Systems Rehabilitation	75,000	37,500	37,500	8/82	
Decatur	Washington, DC	Exterior Stabilization	25,000	12,500	12,500	10/81	6, 10
Oatlands	Leesburg, VA	Moisture Protection	10,000	5,000	5,000	10/81	
Shadows	New Iberia, LA	Lawn Drainage	20,000	10,000	10,000	8/82	6, 10

SUMMARY SHEET
NATIONAL TRUST

FY 82 CONSTRUCTION PROJECTS

TITLE	CITY/TOWN	PRESERVATION TREATMENT	TOTAL PROJECT ($)	FEDERAL SHARE ($)	NON-FEDERAL SHARE ($)	ESTIMATED SUBMISSION DATE	NTHP FY 82 PRIORITY(IES) (#)
Woodlawn	Mt. Vernon, VA	Rehabilitation of Grand View	50,000	25,000	25,000	1/82	6, 10
		Parking Lot Rehabilitation	16,000	8,000	8,000		
		TOTAL	400,000	200,000	200,000		

Question: A press release dated February 4, 1982 issued by the National Trust states that the Trust has cut its current programs by $1 million, will reduce its full-time staff by 21 persons, has closed the Lyndhurst and Cliveden properties, has closed the Decatur House and Woodrow Wilson House until March, is considering the closure of its library, is curtailing its support to historic preservation education programs at elementary and high schools, and colleges and universities, and is going to decrease its membership development efforts.

The National Trust has a 1982 grant agreement with the NPS specifying what the NPS grant of four-million-four-hundred-thousand dollars will be used for. Don't the revisions listed in the National Trust's press release constitute a significant change in the grant, changes that require NPS approval?

Answer: The revisions do not constitute a significant change in the use of Federal funds. As a condition of the 1982 grant made under the Continuing Resolution, the Service required that the Trust revise their grant application to detail more specific results and to revise the submitted budget from the $4.7 million

Federal share requested to the $4.4 million actually available. The Service approved the revised grant application and budget in February 1982, incorporating the publicized reductions.

Question: What is the Trust's required matching share, in non-Federal cash, for the grant it operates? Why is it less than 50%? Shouldn't that agreement be reviewed, in view of the current budget situation?

Answer: The majority of the Trust's nonfederal matching share is cash. The required matching share for the National Trust is 50 percent. However, based on an exception issued by OMB, in any given fiscal year a maximum of 25 percent of donated real property may be used as matching share to the HPF grant-in-aid. In FY 1982, the Service awarded a total of $8.8 million to the the Trust, of which $4.4 million is matching share. Of this amount, $607,530 is the value of donated real property. The Service has seen no need to request OMB to review its determination on this subject.

Question: The National Trust has a 1982 Budget of thirteen-million-nine-hundred-thousand dollars, four-million-four-hundred-thousand of which is from the NPS grant. What part of the Trust's nonmatching budget is used for activities not covered by the NPS grant agreement, such as general fund raising expenses? Why is membership development an approved cost-sharing activity?

Answer: The $5.1 million of the Trust's FY 82 operating budget that is not covered by the Service's HPF grant agreement supports the organization's merchandizing program, special grant/loan programs already matched by other Federal funds, in addition to general fund raising expenses.

Membership development is integral to the public participation and awareness purposes of the National Trust's 1949 Congressional charter and therefore an allowable cost. This activity is under a separate account from general fund raising, an unallowable cost, as the Service has explicity noted in past correspondence with the Trust.

Endangered Properties Fund

Question: Your justifications (page NPS-262) discuss a cooperative NPS-National Trust effort called the Endangered Properties Fund. It is described as a $2 million revolving fund financed by the Historic Preservation Fund. When and how was this fund established? Describe its financing procedures for us at this time and provide a 10-year record of expenditures and receipts for the record.

Also, please describe how the Inner City Ventures fund operates. Does the NPS have funds invested? Please provide a complete description of this activity for the record.

Answer: The Endangered Properties Fund was established in 1978 with a grant of $1 million from the Secretary of the Interior's Discretionary Fund, a part of the HPF. The National Trust's $1 million matching share was cash from several sources.

To maximize its usefulness in eliminating threats to properties of national significance or interest, the Fund is operated primarily as a revolving fund, with emphasis on solutions that ultimately return capital for reuse on behalf of other endangered properties. The Fund is used to purchase property for resale or to make loans for property acquisition or emergency stabilization. Loans are made on a short-term basis, generally not exceeding five years, at below-market interest rates and secured by deeds of of trust or other collateral security. Preservation covenants are imposed as a condition of the loan. Where properties acquired with Fund monies are resold, the National Trust can take back a purchase money mortgage at below-market interest rates as a means of assuring the preservation of the property. The following is a current record of the Fund's expenditures and receipts:

- Endangered Properties Fund -
Record of Expenditures and Receipts

Purpose of Expenditure	Amount and Date of Expenditure[1]	Amount of Receipt[2]
Loan to Veblen Preservation Project, Inc. for Thorstein, Veblen Farmstead, Nerstrand, MN. (NHL)[3]	$ 18,500 (December 1978)	$18,500 repaid with interest at 8%
Grant to State of Mississippi Department of Archives and History for General John Pemberton's Headquarters, Vicksburg, MS. (NHL)	1,000 (July 1979)	——
Contract to evaluate rehabilitation costs on Keith-Albee Building, Washington, D C. (NR)[4]	6,137 (July 1979)	$3,068.93 reimbursed from District of Columbia (January 1980)
Purchase of Francis G. Newlands House, Reno, NV. (NHL)	475,000 (September 1979)	Resold for $490,000. (May 1980). $49,000 received as downpayment, balance evidenced by promissory note at 10% interest, interest payable quarterly, principal due in full May 1, 1982[5]

Purchase of Silver Bell Saloon and four cribs in Telluride, Colorado (NHL)	80,940 (September 1979)	Resold to Town of Telluride (saloon and three cribs) and a local citizen (one crib) for $70,000 and $17,000 respectively (July 1981). $8,700 received as downpayments, balance, evidenced by promissory notes at 10% interest with monthly payments, amortized on a 20-year basis, payable in full July 1, 1983.
Purchase of The Mount, Lenox, MA. (NHL)	300,000 (July 1980)	Resold for $290,000 after $10,000 raised in contributions (July 1980). $100,000 received as downpayment, balance evidenced by a promissory note at 6% interest, monthly payments amortized on a 30-year basis, payment in full due July 1, 1983.
Loan to Trust for Public Land for stabilization of property at 522 Auburn Ave. in Martin Luther King Historic District, Atlanta, GA. (NHL)	15,000 (September 1980)	Principal plus accrued interest at 6% due September 2, 1983 or upon earlier resale of the property.
Grant to Afro-American Institute for Historic Preservation and Community Development for preservation and economic development plan for Boley, OK. (NHL)	$ 5,000 (October 1980)	———
Loan to Landmarks Foundation of Montgomery, AL. for emergency repairs to Union Station Train Shed (NHL).	100,000 (January 1981)	Principal plus accrued interest at 5 3/4% due January 19, 1983.
Loan to group of Washington investors to acquire U.S.S. Williamsburg and move it to Washington, DC.	225,000 (August 1980)	Interest at 10% through August 26, 1981 and 14% thereafter. Under modification agreement, interest payable quarterly from and after February 26, 1982, principal due in full August 26, 1982.[6]
Purchase of 3-acre parcel of Cahokia Mounds, Collinsville, ILL. (NHL)	235,000 (September 1980)	Resold for $240,000 cash to State of Illinois (December 1981).
Loan to American Precision Museum Association for stabilization of Robbins and Lawrence Armory and Machine Shop, Windsor, VT. (NHL)	10,000 (May 1981)	Interest at 6% payable annually, with principal payable in full May 27, 1984.
Loan to Goodwill Industries of Lower South Carolina, Inc. for stabilization of building at 44 Line Street in Charleston, SC. within Aiken House and Associated Railroad Structures Historic District (NHL).	10,000 (November 1981)	Interest-free. Principal payable November 6, 1984 or upon earlier resale of property.
Loan to City of San Angelo, TX. to enable acquisition of two barracks buildings by Fort Concho Museum (NHL)	100,000 (committed December 1981)	Interest at 1/2 prime rate, principal payable in equal annual installments with interest, principal due in full 3 years from disbursement.
Contract for real estate consulting services with respect to Lit Brothers Building, Philadelphia, PA. (NR)	800 (October 1981)	———

Loan to Missouri Heritage Trust for stabilization of Pelster House-Barn, Franklin County, MO. (NR)	$ 20,000 (committed November 1981)	Interest at 6%, principal payable in equal annual installments with interest, principal due in full 2 years from disbursement.
Loan to The Archaeological Conservancy to enable acquisition of Mud Springs Archeological Site, Cortez, CO.	44,000 (March 1982)	Interest at 1/2 prime rate, interest payable annually, principal due in full 3 years from disbursement.
Contract for real estate appraisal of William Hough House and Barn, Waterford, VA. (NHL)	3,000 (March 1982)	

---

[1] Does not include administrative expenditures, holding costs of properties during period of National Trust ownership, and certain costs incident to acquisition such as appraisals.

[2] Does not include interest earned on invested nonfederal funds.

[3] National Historic Landmark

[4] National Register of Historic Places

[5] Loan is in default; foreclosure proceedings have been initiated

[6] It is anticipated that additional forbearance and deferral beyond August 26, 1982 may be necessary.

Inner City Ventures Fund

The Inner City Ventures Fund is based on a 50% matching grant awarded by the Department to the National Trust. It is comprised of $400,000 of Historic Preservation Fund monies from the Secretary's Discretionary Fund, and is to be matched by a minimum of $400,000 of nonfederal monies. The Secretary's Discretionary Fund was part of the FY 81 appropriation.

The Fund was created to stimulate inner city neighborhood preservation, involving the direct participation of residents including minority inner-city residents, and by providing a combination of grant and loan assistance (ranging from $20,000 to $100,000) to community-based organizations. These funds are intended to provide a significant portion of the equity capital required to undertake major rehabilitation projects. All projects must be located in National Register historic districts or be eligible for the National Register. Since the Fund's inception in January, 1981, 11 recipients have received grants and loans totalling $850,000. The recipients and amounts awarded to date are as follows:

Amount	Recipient	Location
$ 90,000	-Longwood Historic Distict	-Bronx, NY
80,000	-National Temple Nonprofit Corp. of Philadelphia	-Philadelphia, PA
90,000	-Neighborhood Development Corp. of Jamaica Plains	-Boston, MA
80,000	-Burnside Consortium of Portland, Oregon	-Portland, OR
70,000	-Cabbagetown Neighborhood Association	-Atlanta, GA
60,000	-Chinese Community Housing Corporation	-San Francisco, CA
80,000	-East Side Community	
80,000	-Tri-Island Economic Council	-St. Thomas, VI

100,000	-Beach Institute	-Savannah, GA
50,000	-Riverside Cambridgeport Community Corporation	-Cambridge, MA
70,000	-Seventy-Eight Restoration Corporation	-Buffalo, NY
$850,000		

Urban Park and Recreation Fund

Question: The Budget requests no funds in 1983 for the Urban Park and Recreation Fund, on the basis that financing local parks is not a legitimate role for the Federal government. You also propose to defer $858,000 in FY 1982 funds to be used in 1983 for administrative expenses related to prior year grants. Where will the deferred funds come from? Does USDI have statutory authority for this procedure?

Answer: The deferred funds will come from the fiscal 1982 grants appropriation of $7,680,000. **The use of 1982 grant funds for administrative purposes in 1983 would require that the appropriation language we have proposed be included in the fiscal 1983 appropriations act.**

Question: In 1982, funds were limited to supplemental grants for existing "innovation" grants. Please describe the types of projects to be funded in 1982.

Answer: Types of projects to be funded under the UPARR Program in 1982 will be aimed at innovative improvements in ways to provide local recreation services, and demonstrate new techniques to increase the self-sufficiency and cost-effectiveness of local recreation programs. These are the same basic goals as previous Innovation projects. However, the primary focus of the "supplemental" grants will be to fund projects which utilize new management techniques, increase the efficiency of facility operations, develop alternative non-federal funding sources, use citizen volunteers and private donations and coordinate public and private resources at the local level. These grants may be logically linked to a previous Innovation grant by expanding an approach or trying the same approach at another location in a city, but mere continuations of the previous programs or techniques will not be very competitive. "Supplemental" grants to existing Innovation grants will continue to emphasize local commitments to new approaches, cost-effectiveness and demonstration value while providing benefits related to the goals of previously successful projects.

> EXAMPLE - Various neighborhood groups were previously funded to try a new management technique to manage a set of six neighborhood parks. The "supplemental" proposal now requests funds to manage four more city parks using the same management technique, but working in conjunction with two local private industries, and using volunteers to provide occasional maintenance and vandalism prevention. The new proposal is both "supplemental" and "innovative."

"Supplemental" grant proposals will be ranked and selected based upon their uniqueness and demonstration potential using the same Innovation grant criteria previously used in the UPARR Program and codified in federal regulations. The proposals must also be tied to goals, priorities and implementation strategies expressed in an approved local Recovery Action Program to assure that key problems within the local recreation system are being addressed.

Question: Please provide for the record a list of cities with approved Recovery Action Programs that are eligible for supplemental innovation grants in FY 1982.

Answer: 55 cities and counties have previously been awarded innovation grants and, if their Recovery Action Programs are approved before the grant round, will be eligible to compete for the FY 1982 funds. As of March 12, 1982, twenty (20) cities and counties had approved Recovery Action Programs. They are:

Berkeley, California
Lompoc, California
Los Angeles County, California
Oakland, California
Oxnard, California
Hartford, Connecticut
Washington, D.C.
Chicago, Illinois
Indianapolis, Indiana
Baltimore, Maryland
Holyoke, Massachusetts
Revere, Massachusetts
St. Paul, Minnesota
Jersey City, New Jersey
New Brunswick, New Jersey
Wilmington, North Carolina
Kingston, Pennsylvania
Wilkes-Barre, Pennsylvania
Portsmouth, Virginia
Bellingham, Washington

The other 35 of the 55 communities continue work on their Recovery Action Programs and most are close to having their Recovery Action Programs approved. It is expected that at least 45 communities will have completed, approved, Recovery Action Programs in time to compete for Innovation grants this summer.

Question: The current cost-sharing agreements for rehabilitation grants and innovation grants calls for a 70% Federal-30% local share. This cost-share rate can be changed if states also provide funds. For example, if the state contributes 10%, the Federal share also increases 10%, which reduces the local share to 10%. If the state contributes 15%, the NPS share goes up 15% (from 70% to 85%) and the local share goes to zero. Does the NPS support this provision? Does it have any flexibility to change that provision without new legislation?

Answer: The NPS has no objection to the continuation of this provision. The incentive for State matching encourages State involvement in the provision of local recreation services. This is a desirable objective that is in accord with the Administration's policy of encouraging greater acceptance by States of their responsibility for domestic program functions. Although the provision does increase the Federal share of some grants, it does not increase overall Federal expenditures; and it is not anticipated that this matching provision will have any substantial effects on availability of funds for competitive proposals in the next grant round. Regardless of the size of the local matching share in the initial grant, the locality must still demonstrate a commitment to continue successful innovations in future years through public or private funding support.

No, NPS does not have the flexibility to change the provision without new legislation. Section 1008 of the Urban Park and Recreation Recovery Act, Title X of 95-625, states:

> "The Secretary is authorized to increase Federal implementation grants authorized in section 1006 [Grants to Implement Program] by providing an additional match equal to the total match provided by a State of up to 15 per centum of total project costs. In no event may the Federal matching amount exceed 85 per centum of total project cost."

This authority was applied without exception to all eligible grants in the first four UPARR grant rounds. Changes in the current Federal-State match provision would require a specific change in authority through an amendment in the law.

John F. Kennedy Center

Question: Your request for operating expenses for the JFK Center for FY 1983 is 3-million-nine-hundred-and-eighty-six-thousand dollars. This reduction is based on a GAO recommendation that the cost-sharing formular between the NPS and the Kennedy Center Board be changed, with the NPS share of the non-performing arts maintenance costs reduced from 76.2% to 70%. What needs to happen to implement that recommendation?

Answer: The National Park Service would spend at the requested amount ($3,986,000). If the Kennedy Center Board did not pick up the difference (between 23.8 percent and 30 percent) the National Park Service would be forced to cut out some necessary projects.

We would refer the Committee to the GAO report of April 1980 and point out that the increased percentage for the Kennedy Center was to be looked at in the context of two other issues, i.e. (1) the interest on the Treasury bonds; and (2) the Board public responsibilities for programming in Section 4 of its legislative act, and not as a separate issue. GAO commented, "Only the Congress can determine the appropriate amount of Government support for the Center's program."

Question: The funding authorization for the JFK Center expires on September 30, 1982. The Administration submitted legislation on February 5, 1982, to extend this authorization until September 30, 1983. What is the status of that legislation?

Answer: The proposed legislation was introduced on February 23, 1982, as H.R. 5566.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Natchez Trace Parkway

Question: Mr. Chairman the Natchez Trace Parkway project and its continued orderly development is of great interest to the citizens of Mississippi. For more than forty years this Parkway has been under development and construction. To date 378 miles or 84% of the mainline roadway is completed or under construction.

Thanks to the action of the Congress last year, some $12.3 million dollars was provided in FY 82 funding to continue construction. However, the FY 83 Budget proposal now before the Congress does not include any funding request for the coming fiscal year.

In view of this Committee's action last year in including language in our Appropriations report which recommended that the Natchez Trace Parkway construction continue in fiscal year 1982 and thereafter in an orderly manner to completion, I am concerned that Budget does not include a recommendation to support any Parkway construction.

I would appreciate the National Park Service's response to several questions relative to this important project.

What is the current status of construction for which funds are currently available?

Answer: Contracts will be awarded in fiscal 1982 for construction of 2.2 miles of parkway and four bridges (Northeast Mississippi), and construction of 1 bridge in Alabama, repair of two bridges, and final surfacing of 7 miles (Tennessee).

Question: Upon completion of the construction now underway or to be undertaken in the current fiscal year, what would be the next highest priority segment of the Parkway to which any additional funds would be directed?

Answer: The next highest priority is to construct section 3V - 8 miles of new construction and 11.2 miles of paving in Mississippi; final surface 42.8 miles in section 3A, 3B and 3C in Mississippi; and final surface 12.1 miles in section 3D in Alabama. The total cost for this work is estimated at $40.5 million.

Question: What is the National Park Service capability for further construction, and what appropriations levels would be required to carry out that capability?

Answer: The National Park Service would be capable of accomplishing the following when initial funds are made available:

Construct section 3V - 8 miles of new construction and 11.2 miles of paving in Mississippi	$31,500,000
Final surface 42.8 miles in sections 3A, 3B and 3C in Mississippi	7,000,000
Final surface 12.1 miles in section 2D in Alabama ...	2,000,000

Question: In view of the "five year plan" for Natchez Trace Parkway development, what will be the increase in costs for the remaining sections to be constructed, if there are no funds provided in FY 83? What factors would contribute the most to cost growth with a one year delay?

Answer: If delayed one year, we estimate that the cost would increase about 10 percent. The 10 percent increase is based on an expected inflation rate of 10 percent per year average for the next several years in highway construction costs. It is difficult to predict the economy, but historically, highway construction costs have increased at a higher rate than normal industry rate.

Question: What would be the increase in economic benefits to the region served by the Parkway over any benefits that may be currently attributed to the Parkway in its disjuncted form?

Answer: Upon completion, the Natchez Trace will form a scenic and relatively high speed short-cut between Nashville and Natchez. This short-cutting results from the fact that the Trace runs in a Northeast-Southwest direction while most major roads in the region follow the cardinal directions. There are an estimated 5.4 million recreational visits to the Parkway in its present disjunctive form. We believe that the completion of the northern portion will result in the most increase because of the importance of Nashville as a tourism and transportation center. The State believes that with the completion of the Trace, use will at least double by out-of-staters. This would result in total visits of 6 to 6.5 million with 3.2 to 3.7 million of these representing recreational visits.

Tourism is one of the top two industries in Natchez, Jackson, and Vicksburg. It is rapidly becoming important in the Tupelo area because of the Trace and the Tombigbee Project. The State reports that visitors to that State average 2.5 days and spend $28 per person per day on average in direct expenditures. Using these figures, out-of-state visitors now spend $105 million per year. Therefore, after completion of the Trace, this is projected to total about $210 million. These visitor expenditures generate an equal amount of secondary economic activity in the region.

Question: How would economic and other benefits that would be derived from the Natchez Trace Parkway compare to those that you can identify from National Park Service projects of similar size and nature that are completed and operating?

Answer: At present, there are four parkways in the National Park System. Rockefeller and George Washington are very different in character from the Trace. Blue Ridge is similar in being both relatively long (469 miles vs. 449 miles for Nachez Trace when complete). Although both are in rural areas, the Trace provides access to more medium size towns. Since it provides relatively fast (50 mph) access between these routes. the Trace receives greater use by visitors in route to their primary destination (work, shopping). The Blue Ridge also receives such use but to a lesser degree because of its slow speed and remote location. Most visitors tend to use the Blue Ridge Parkway for its own beauty rather than access to some other destination.

In other words, direct comparisons are very difficult to make. However, it is reasonable to assume that once completed, the Trace will become more of a destination point and create more benefits.

Historic Preservation Program

Question: I've noticed that the budget request does not include funding for historic preservation grants to States or for the National Trust for Historic Preservation. I am concerned that many State preservation programs will be seriously effected if Federal support is eliminated.

If State Preservation Offices have to close because of lack of Federal support, will the National Park Service be able to effectively handle the demand for the tax certification program and for listing on the National Register of Historic Places? I understand that a draft document pertaining to the analysis of impact on the Federal budget by elimination of State grants shows that the cost of implementing a very basic historic preservation program is much higher when implemented by the Federal agency. I would appreciate the National Park Service's comments regarding this cost analysis in view of the very cost effective manner in which the State programs have been conducted. My concern is that without State involvement the concept of the National Register and the tax incentive program is unrealistic.

Through the efforts of the State Preservation Offices and the National Trust for Historic Preservation, a small amount of Federal dollars has contributed to the economic growth and revitalization of communities in my State and across the country. In Mississippi the tax certification program has resulted in $30 million of construction over a three year period with an administrative cost of only $10,000.

As the subcommittee considers the FY 83 Interior appropriation bill, I hope it will take time to consider the important work that has been accomplished by the State historic preservation programs and the National Trust for Historic Preservation and the positive effect these programs can continue to have with our support.

Answer: The National Park Service does not expect all States to drop out of tax review and National Register nomination activities. We have requested an increase of $800,000 to handle the increased tax certification activities and technical review of nominations to the National Register that will have to be performed by National Park Service as a result of less support from the State Historic Preservation Offices. In our view, considering the number of certification requests and Register nominations submitted in fiscal 1980 and fiscal 1981 and the need to reduce the size of the Federal budget, the $800,000 requested increase would enable the Service to administer tax certification and National Register review activities adequately. However, it is possible that tax reviews and reviews of nominations to the Register could not be done as promptly as under the present system. Additionally, there may be a reduction in the level of technical assistance available to tax certification applicants and to persons preparing National Register nominations. It is likely that no tax act orientation or promotional workshops would be conducted, and no on-site visits to applicant properties would be undertaken. In light of the need to reduce Federal outlays, we believe that adequate tax certification and National Register listing activities can be continued without Federal support of the State Historic Preservation Programs.

QUESTIONS SUBMITTED BY SENATOR WALTER D. HUDDLESTON

Cumberland Gap National Historical Park

Question: Please provide comments on the Master Plan developed for the Cumberland Gap National Historical Park. Is it still a valid document?

Answer: The Master Plan, approved in March 1979 is current and includes the Cumberland Gap Tunnel.

Question: Would you describe the condition and safety aspects of the existing highway? Also, please include statistics on the number of accidents and deaths in the past five years.

Answer: The existing Highway 25 which traverses Cumberland Gap National Historical Park is a major arterial route with a number of safety problems which are illustrated by accident rates more than twice the national average for similar type roads. The accident problem is due to a number of factors including inconsistent design features, a combination of steep grades and sharp curvature, heavy traffic volume, and the lack of modern roadwide safety features. The design is inconsistent because the roadway changes from four lanes to two lanes, then to three lanes and back to four lanes within a three-mile distance. Drivers are caught unaware when leaving the four lane portion and entering the very steep grades and sharp curves on the 2 and 3 lane segments. This problem is compounded during winter months when icing readily occurs because of the high altitude of the pass. In addition, traffic volume is above safe capacity and there is a high percentage of truck traffic (about 16 percent). Not only are actual traffic volumes high, the traffic is a mix of commercial, tourist, and local which results in a great portion of vehicle conflicts. The roadside is generally substandard with narrow shoulders, sharp dropoff, old type barriers, jutting rocks, and inadequate stopping site distance.

The following chart shows the number of accidents and deaths in the past five years:

Cumberland Gap National Historical Park
Statistics of Accidents and Deaths Per 100 million Vehicle Miles

	1976	1977	1978	1979	1980
Fatality rate-Highway 25	0	0	23.1	23.7	0
Fatility rate-National Average	3.97	4.03	3.96	3.79	n/a
Injuries on Highway 25	131	165	115	237	120
Injuries-National Average	78	74	74	77	n/a

Five Year Summary

Fatalities on Highway 25	9.4
Fatalities Nationwide Average	3.94

Question: Please provide the Committee with the latest details which you have on the Cumberland Gap Tunnel Project, including costs timetable and what could be accomplished in fiscal 1983 if funds are made available.

Answer: The following chart displays what can be accomplished the first year funds are made available:

CUMBERLAND GAP NATIONAL HISTORICAL PARK
U.S. 25E RELOCATION
REVISED PRELIMINARY COST ESTIMATE
($ in Millions)

Obligations by Fiscal Years

Type of Work	FY 79	FY 80	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year	Totals
Preliminary Engineering	1.0	3.3	4.0	1.5	0.7	0.5	0.5	0.5	12.0
Construction (a) Tunnel			7.5		42.0	3.0	12.5		65.0
(b) Highway			0.5	13.0	7.5			3.0	24.0
(c) Bridges			2.0	10.0	2.0				14.0
Construction Engineering			1.5	3.5	8.0	0.5	2.0	0.5	16.0
Contingencies and Administration	0.1	0.2	2.5	4.0	9.2	0.5	2.0	0.5	19.0
Total	1.1	3.5	18.0	32.0	69.4	4.5	17.0	4.5	150.0

NOTE: 1. Preliminary cost estimates are expressed in 1982 dollars.
2. Right-of-way is not included in the above costs.

Question: Why is funding counted against the Park Service ceiling and yet is reimbursed by the Highway Trust Funds? If this is as serious a problem as some claim, are you working with OMB or the authorizing committees to rectify the problem? After all, this is a National Park Service problem and a very, very serious one.

Answer: Basically, the reason for this procedure is that OMB determined that the National Park Service was the logical organization to display the funding request, inasmuch as this is a Park Service area. The Service is taking no action to change this procedure.

QUESTIONS SUBMITTED BY SENATORS JAKE GARN AND ORRIN G. HATCH

Grand Canyon National Park

North Rim Entrance Road

The following questions relate to the National Park Service's decision to delay until June 15, 1982, the opening of the North Rim Entrance Road to Grand Canyon National Park due to rapidly deteriorating road conditions.

Question: Please explain in detail the reasons and particularly who is at fault for the decision to allow $3.4 million to be spent on what appears to be a road of inferior design & or construction quality.

Was the North Rim Road built according to plans and specifications approved by the National Park Service?

Answer: The North Rim Road reconstruction project was built by a private contractor under a National Park Service contract administered by the Federal Highway Administration (FHWA) Central Direct Federal Division Office, located in Denver, Colorado.

The project was designed by FHWA for the National Park Service under the same procedures used in hundreds of other road and bridge construction projects that have been completed since the two organizations entered into an initial Memorandum of Agreement in 1926.

The North Rim road project was built in conformity to the plans and specifications prepared and recommended by FHWA and approved by the National Park Service.

Question: Who inspected or was responsible for oversight of the construction?

Answer: The oversight for the construction contract was administered by the above mentioned FHWA office in Denver. Their field staff included a project engineer, inspectors, and survey crews assigned full-time to the project.

Additionally, periodic inspections were made by the National Park Service representatives from the Rocky Mountain Regional Office and the Denver Service Center.

Question: Was faulty design discovered during construction? If not, why not?

Answer: Faulty design was not the primary nor a significant factor in the subsequent rapid deterioration of this road rehabilitation work.

Question: If the design was not faulty, then what action is contemplated by the Park Service to recover damages from the contractor?

Answer: No claim is anticipated by the National Park Service against the construction contractor. As a matter of information, the contractor has submitted a claim against the Government. The claim relates to quantity changes and conditions experienced in the field. The FHWA is reviewing this claim.

Question: Who designed the road and what action is contemplated against this party for its neglect?

Answer: The project design was provided by the FHWA in Denver, Colorado, with input and guidance also provided by the National Park Service in regard to environmental and cultural impacts and aesthetic considerations.

It has been determined that, in terms of an identifiable design mistake, neither the original plan for the road alignment, nor FHWA design or construction supervision can be cited as negligent.

The contractor experienced extremely wet field conditions during construction, particularly during the time he was nearing project completion and had difficulty in stabilizing the subgrade and base materials prior to paving the road. This problem was compounded by the fact that although the subgrade material met FHWA specifications, it was a clay type material which consumed a good deal of the contractor's time and effort in the drying and preparation process prior to stabilization. The subgrade material which was used came from a United States Forest Service borrow area several miles north of the park entrance. This was the only local material source available.

Several mitigating measures were undertaken to compensate for the extremely wet conditions. Additional roadway drainage was incorporated into this project. This included the installation of pipes under drains and enlargement of roadway and pipe outlet ditches under a change order to the contract. Additionally, the road elevation was raised in certain areas due to the high ground water table along the route of this road.

In the spring of 1980, when the road was not yet complete, it was saturated from the spring snow melt and had no load carrying capability; the roadway had to be used by the park concessioners and vehicles to transport equipment and supplies to the North Rim Lodge facility in preparation for the start of the visitor season. The resulting impact of this usage on the partially constructed road was substantial. A significant change order was required for the contractor to repair the damage to the road's base subgrade.

All of the factors noted above created some difficulty in preparing the road structure for paving in the fall of 1980 and contributed to significant cost overruns. At the time of actual paving, several "soft" areas were noted. Other localized areas of base failure were noted during the spring and summer of 1981. However, all deficient areas were repaired by the contractor prior to final acceptance of the project work in August of 1981.

To summarize, no single or otherwise easily identifiable error in judgment, either in design or supervision, is responsible for the deterioration of this road. Marginally acceptable quality material, which was the only local material available, very wet construction conditions, change orders, and an inherently poor drainage construction site were all contributing factors to an unfortunate outcome.

Question: In light of the significant economic hardship this mistake will cause to southern Utah's tourist industry, what does the National Park Service intend as a long term solution to prevent this type of waste and neglect from occurring again?

Answer: Inasmuch as the present or expected condition of the roadway will not substantially alter present visitor travel and use of the North Rim, we do not expect significant hardship to the tourist industry of southern Utah.

Upon hindsight, perhaps greater coordination and additional evaluation as to the implications of all alternative design solutions should have been made at the time of initial project definition and scoping.

The National Park Service was responsible for making the final decision and selection of a preferred alternative. The National Park Service was also responsible for the environmental compliance, and in this case, actual preparation of the assessment. The Federal Highway Administration was reponsible for providing project supervision and technical design solutions based upon known or surveyed conditions and the stated National Park Service project objectives. If there is an area where our decisionmaking process can be improved, it is at the alternatives environmental assessment phase where the final scope of work is decided and the budget estimate is established. Subsequent activities by designers and/or construction inspectors are usually routine and were carried out adequately given the complications which developed in the execution of this project.

Question: What are the National Park Service's specific plans for the future of the North Rim Road?

Answer: The National Park Service fully intends to provide a primary, paved, access road to the Bright Angel developed area on the North Rim of Grand Canyon National Park that accommodates the passage of visitor and other traffic while providing for visitor safety and minimal road damage. Specifically, the National Park Service intends to provide funding for road maintenance (repair) to the extent that the road will be safely passable for traffic until such time as construction funding is available to rebuild the road (estimated at 2-3 years).

Question: What will it now cost to rebuild the road correctly as a permanent structure?

Answer: Given the development of surface cracks and other signs of deterioration along several pavement sections, the National Park Service and the FHWA jointly studied the condition of this road in November 1981 and agreed that additional work must be performed to correct the distressed areas, improve drainage along the road, and provide additional pavement surfacing.

On a short-term basis, approximately $410,000 is needed to improve drainage, reconstruct distressed areas, and provide an asphalt chip seal. An emergency and unscheduled projects funding request is currently under review.

Long-term recommendations included the addition of 1½ inches of asphalt pavement along the entire length of the road. A preliminary estimate for this work is $1,215,000. Additional studies this summer will provide a definitive solution and firm cost estimate for complete reconstruction.

Question: What portion of Grand Canyon National Park's construction, operating and maintenance budget has historically gone to the North Rim vis-a-vis the South Rim of the Grand Canyon? Please provide both dollar and percentage comparisons for the past 10 years.

Answer: Financial records are available at Grand Canyon for fiscal 1976 to date. Because the Federal fiscal year time schedule changed in fiscal 1976, fiscal 1977 was the first year with a fiscal schedule comparable to present day. Fiscal 1977 appears to have also been a "full season" year for the North Rim operations in terms of staffing and operational budget. Historically, North Rim operations have averaged 30 percent of the South Rim's operations total base funding. For comparison, fiscal 1977 versus fiscal 1982 figures are:

	Fiscal 1977	Fiscal 1982
North Rim Operations*	1,335,665 (27%)	1,770,344 (29%)
South Rim Operations*	3,572,635 (73%)	4,329,156 (71%)

*Excludes shared general expenses.

In terms of construction funding, the following is a list of projects initiated and completed between 1975 and present day.

South Rim (including Inner Canyon and Desert View Districts)

1975	Modify Roads for Visitor Transportation System	59,000
1975	Rehabilitation of Roads and Parking Areas	355,247
1975	Rehabilitate Outfall Lines	1,231,441
1978	Install Utilities - Concessioner Housing	5,300
1979	Purchase Housing from Santa Fe Railroad Company	91,500
1979-1981	Install Utilities and Pave Access, Concessioner Housing	2,484,162
1980-1982	Construct Sewage Treatment Plant and Comfort Stations (at Phantom Ranch on the Colorado River	1,899,522
	Total	6,126,172

North Rim

1975	Install Gasoline Tank (Unleaded)	2,900
1977-1980	Construct Sewage Treatment Plant	2,148,173
1977	Emergency Repair of (Former) North Rim Entrance Road	11,000
1977-1979	Rehabilitate North Rim Water System	2,090,687
1978-1981	Reconstruct North Rim Entrance Road	3,432,053
1980	Modifications to North Rim Sewage Treatment Plant	435,015
	Total	8,119,828

Question: Has the National Park Service exhausted every realistic option available in order to open the North Rim Road on time this season? Please list such options and explain the ramifications of each?

Answer: There has never been any suggestion that the road would not be opened this season; the only question has been the date of opening and whether or not there would be vehicular weight restrictions after opening to provide for safe traffic movement and minimal road damage. Given that the only existing access to the North Rim entrance road is via a State-owned road, the park is absolutely dependent upon the Arizona Department of Transportation's schedule for opening their road between Jacob Lake and the park's north entrance (about 25 miles). Per discussions with the Arizona Department of Transportation on February 26, the State plans to begin plowing at Jacob Lake in April. They anticipate being at the park's north entrance by early to mid-May and expect it will take another 10 days to get to the North Rim itself. Because they are also experiencing failure problems on their road, they are planning to restrict their road to allow only vehicles under 14,000 pounds per axle until June 15. This will, in effect, make it impossible for any large trucks or standard tour buses to reach the park's north entrance road until June 15.

Inasmuch as the National Park Service is bound by the State of Arizona's schedule for opening their road, there are virtually no feasible alternatives. Additionally, if it were assumed that the State plowing schedule could be accelerated, the National Park Service would rather not open the North Rim entrance road pavement immediately after plowing. To open the road immediately after plowing, without knowing spring run-off volume and with no time allowed for the roadbed drying, would accelerate road failure and thereby increase road maintenance costs as well as provide a real threat to visitor and other traffic safety.

Additionally, highway specialists believe that opening the road, even after a drying period, to all vehicles, regardless of weight limits, would increase significantly the potential for road damage from heavier vehicles because of the "pumping action" created by their weight on a porous, possibly unstable roadbed.

In sum, a June 15 opening, with some vehicle weight restrictions, would represent a prudent policy and is also apparently inevitable given the conditions of the State of Arizona's road leading to the North Rim.

Snow Removal Program

Question: Will you explore the possibility of relieving the State of Arizona from the Snow Removal Program for the access road leading to the North Rim of the Grand Canyon because of the fact that the primary economic benefits would go to Utah rather than Arizona.

Answer: The current practice has not been motivated by considerations of which State derives certain economic benefits. The current method of accomplishing snow removal represents the most cost-effective solution for the National Park Service.

As stated previously, the State of Arizona has snow removal crews which work on State Route 64 right up to the park's north boundary. It has been cost-effective to have these crews continue into the park and accomplish the snow removal on the North Rim access road.

Question: What costs would be incurred by the National Park Service in taking over the Snow Removal Program?

Answer: The following options are available:

a.	Current procedure with the State of Arizona	Total cost $13,000 (maximum snow load)
b.	Utilization of State of Utah equipment and National Park Service personnel	Total cost $26,500 (Assumes equipment available on an as needed basis)
c.	Private contractor (on standby status for approximately 2 months)	Total cost $75,000
d.	National Park Service purchase of requisite equipment and National Park Service personnel	Total cost $510,000 - First Year Total cost $95,000 - Future years

Question: Is it possible the State of Arizona would prefer to plow the South Rim road instead because of the economic benefits accruing to Arizona?

Answer: The State of Arizona already does plow the access roads on the South Rim side up to the park's boundary. The National Park Service currently plows within the South Rim area inasmuch as the State of Arizona has expressed no interest in snow plowing outside their area of jurisdiction.

QUESTIONS SUBMITTED BY SENATOR HENRY M. JACKSON

Youth Conservation Corps

The Conference Report H. R. 4035 Interior and Related Agencies Appropriations, 1982 provides that the Fish and Wildlife Service, the National Park Service and the U.S. Forest Service may and should utilize $3 million but not less than $1 million within the scope of the appropriated budget for high priority projects which shall be carried out by the Youth Conservation Corps "as if authorized by the Act of August 13, 1970 as amended by Public Law 93-408." The operative phrase "as if authorized by the Act of August 13, 1970 as amended by Public Law 93-408" clearly establishes that the Congress intends the objectives of the Youth Conservation Corps legislation shall continue to be accomplished through the expenditure of these funds. In defining the objectives of the YCC the Interior-Agriculture Memorandum of Understanding of February 4, 1981 provides three co-equal objectives for the program as reflected in the Public Law.

(a) To accomplish needed conservation work on public lands

(b) To provide gainful employment for 15 thru 18 year-old males and females from all social, economic, ethnic and racial classifications

(c) To develop an understanding and appreciation in participating youth of the Nation's natural environment and heritage.

Question: What provisions have been made to assure that each of these objectives will be accomplished?

(a) What provisions have been made to assure that these funds will be utilized on high priority projects within the approved budget of the National Park Service?

(b) How will locations of YCC programs be selected?

(c) What guidance has been given to Field Managers by the Department as to priority projects for YCC accomplishments?

(d) Who will determine how many enrollees will be employed at what locations?

Answer: We have signed a Letter of Cooperation (attached) to amplify the Memorandum of Understanding which will govern this summer's operation.

Instructions from the Director to field managers reiterated the language of the legislation; work projects will be selected from approved budgets.

Locations of YCC programs will be determined at the local level, based on needs expressed by field park managers.

We have instructed our field managers to program priority projects for YCC accomplishment which are approved in their budgets.

Enrollment levels and locations will be determined locally by park managers. Decisions will be based on the availability of staff supervisors, and the amount of approved projects which can be accomplished by enrollees.

Question: The Congress, in directing that available funds be utilized to maintain the YCC program in FY 1982, encouraged the National Park Service to use the maximum amount of $3 million.

(a) Given the need to upgrade and maintain our parks, and given the problem of rising teen-age unemployment, why is it that the proposed program for the National Park Service is set at the minimum figure of $1 million rather than the maximum amount of $3 million?

(b) How was the minimum figure arrived at in view of the past record of the YCC as reported by the Departments of Interior and Agriculture in accomplishing a high dollar return in project accomplishment for a low enrollee cost?

Answer: The level of involvement will be determined locally. We have instructed the field to hire as many enrollees as local circumstances permit.

In the past, our programming for YCC included funding and ceiling for the provision of staff to supervise enrollees and perform administrative functions. This enabled us to hire enrollees to work as independent crews to accomplish projects. This year we do not have this additional supervisory or administrative staff. Enrollees will not be working in crews, per se; they will be integrated with other crews. Therefore, the numbers will be less per park.

Question: The Interior Appropriations Act for FY 1982 provides up to $3 million for the U.S. National Park Service to implement the Youth Conservation Act as amended. I interpret this to mean that Congress has provided funds to carry out the provision of the Act. In providing these funds, why are you directing the Regions to fund the YCC out of their local operating budget at a lower level?

Answer: The legislation dictates that funding be provided from money appropriated for the National Park Service. Given the constraints of adequate supervision, we believe the parks will participate at the highest funding level possible.

LETTER OF COOPERATION

This document amplifies the Memorandum of Understanding of October 9, 1979, between the Department of the Interior and the Department of Agriculture for implementing Public Law 93-408 of September 3, 1974; and is in agreement with the delegation of authority of December 31, 1981, which assigns responsibility for the operation of the Youth Conservation Corps for the Department of the Interior to the Assistant Secretary--Fish and Wildlife and Parks.

AUTHORITY AND PURPOSE

This Letter of Cooperation is between the U.S. Fish and Wildlife Service, National Park Service, U.S. Forest Service, for the purpose of carrying out the provisions of Public Law 93-408, the Youth Conservation Corps Act, and Public Law 97-100, Interior and Related Agencies Appropriation Act.

The purpose of YCC is to accomplish needed conservation work on public lands; provide gainful employment for 15 through 18 year old males and females from all social, economic, ethnic, and racial classifications; and to develop an environmental understanding and appreciation in participating youth of the Nation's natural, historical, and cultural heritage.

RESPONSIBILITIES OF THE AGENCIES

Under the provisions of the above authorities, the U.S. Forest Service, U.S. Fish and Wildlife Service, and the National Park Service will:

a. Determine the areas under their administrative jurisdictions which are appropriate for carrying out the program, determine and select appropriate work and environmental awareness projects for participation by members of the corps.

b. Determine the amount of resources (not less than $1,000,000 and not more than $3,000,000) which will be allocated by their respective agencies from existing budget allocations.

c. Provide necessary personnel, vehicles, work supplies and other items for implementation of the program.

d. Provide administrative expense funds. Where economically viable, mutually benefiting administrative activities, such as payrolling enrollees, reports and supplies, may be financed jointly.

e. Prepare an annual report detailing the activities carried out under these authorities.

f. Utilize their regulations to insure the safety, health, and welfare of corpsmembers.

ENROLLEE PAY, SELECTION AND ASSIGNMENT

It is agreed that for each agency:

a. All YCC enrollees will be compensated for work done at the current Federal minimum wage per hour, not to exceed 40 hours per week. If the hosting agency is utilizing flex-time, enrollees may be required to work according to the established schedule of the host agency.

b. Overtime pay for enrollees will be at the rate of the current Federal minimum wage per hour and shall not exceed 10 hours in a given week.

c. Camps and projects may operate for a maximum of 90 working days.

d. Recruitment of enrollees will be done by local school systems, Employment Security Offices, and hosting agencies.

There will be random selections from all social, economic, ethnic, and racial classifications; the program will consist of 50% males and 50% females. The selection process will be conducted in a public forum. Final selection of enrollees will be made by the program manager of the hosting agency.

Enrollees will be selected without regard to civil service or classification laws, rules or regulations. They will not be considered government employees other than for the purposes of Chapter 171 of Title 28, United States Code, and Chapter 81 of Title 5, United States Code.

PROGRAM COORDINATION

1. In situations where two or more of the agencies will share a common recruitment area, the local program managers of each agency are directed to mutually combine their recruitment efforts and jointly participate in the enroleee selection. This coordination should eliminate multiple applications and prevent the selection of an enrollee by two or more of the agencies.

2. Where summer youth programs are being operated by individual states under their own authorities and appropriations, the agencies mentioned in this Letter are directed to coordinate with State Program Managers to conduct a recruitment program in harmony with one another and eliminate direct competition for enrollees.

PUBLIC INFORMATION AND COMMUNITY RELATIONS

The overall responsibility for public information and community relations policy concerning the YCC program is vested in the Bureau heads.

COORDINATION COMMITTEE

For the purposes of implementing this Letter of Cooperation an Interior-Agriculture coordination committee shall be established consisting of representatives from each Department who will serve as members of this committee in addition to their other official duties.

The co-chairpersons of this committee will be the Bureau Youth Programs Officer, National Park Service; Bureau Youth Programs Officer, U.S. Fish and Wildlife Service; and Director, Office of Human Resources Programs, U.S. Forest Service. Other members may be appointed to the committee for such purposes as deemed necessary and advisable by the co-chairpersons.

Grover M. Barham 3-22-82
Youth Programs Officer Date
National Park Service

Donald H. Boyd 3-17-82
Youth Programs Officer Date
U.S. Fish and Wildlife Service

Leon H. Anderson 3/18/82
Director, Office of Human Resources Programs Date
U.S. Forest Service

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Historic Preservation Program

Question: It has been anticipated that several states may drop out of the Historic Preservation program by August 1 due to the uncertainty of federal funding. Should this happen, has the National Park Service made provisions to add employees to carry out the legal responsibilities that the states fulfilled?

Answer: Not at this time. We have no information from States or reason to believe that any will drop out of the program before the end of their fiscal 1982 grant.

Question: Technically, Historic Preservation funds can be used only for activities mandated by the authorizing legislation. Closedown of state offices is not among these activities. Funds will be needed for final closeout audits, the transfer of office equipment purchased with federal money and the payment of bills incurred by the state offices.

a. What do you estimate close-out costs would be? Please detail.

b. What provisions have been made to close out the Historic Preservation's program given that current funds cannot be used for that purpose without legislative authority? Do you plan to request that authority?

Answer: For National Park Service costs in 1983, the Budget Justifications request $781,000 for monitoring and administration for the spend-out of existing grants, resolution of associated financial audits, and administrative close out of the Historic Preservation Fund grants program. These costs are budgeted as:

Personnel compensation:	
Full-time permanent	$440,000
Other than full-time permanent	167,000
Other personnel compensation	1,000
Total personnel compensation	608,000
Personnel benefits:	
Civilian	66,000
Travel and transportation of persons	55,000
Communications, utilities and other rent	4,000
Printing and reproduction	11,000
Other services	29,000
Supplies and materials	4,000
Equipment	4,000
Total obligations	$781,000

16 full-time permanent positions and FTE (work-years);
8 other FTE.

We are presently examining the legal requirements upon the Service in the event a State does not maintain a staff for the spendout of obligated funds. Previously, we had viewed close-out costs as limited to the orderly expenditure of available funds by States. However, phase-out may call for more complex actions by the Service, such as revising the Grants Management Manual to more specifically deal with property disposition, legal issues, final audits, and the like when a State decides to close grant-assisted operations. These actions may also call for additional termination grants for such activities as final financial audits and for a staff person to pay final billings. We are considering options and alternatives. If legislative authority is needed, we will request it.

Question: The Service recommended $4.7 million for the National Trust for Historic Preservation in fiscal 1982, yet requested no funding for fiscal 1983. Why was there such an abrupt change? Did you consider a less radical cut in order to ease transition to totally private funding?

Answer: The decision to request no fiscal 1983 Historic Preservation Fund appropriation for the National Trust is a continuing part of the effort to limit Federal expenditures within the context of the Administration's goal of fiscal and budgetary reform. In doing so, Federal assistance formerly given to the National Trust is recommended for curtailment. In requesting no funding for the National Trust for fiscal 1983, the Administration believes that it is in the future interest of historic preservation to move rapidly and creatively away from its dependence on the Federal Government. Also, an economic recovery would benefit those private initiatives the Trust has so successfully accomplished in its leadership role.

Question: What is the current administrative overhead of the National Register/Cultural Resources Program within the NPS? How does this compare to the rest of NPS programs? If there is a difference, what are the reasons for this difference?

Answer: The current administrative overhead of the cultural programs in fiscal 1982 is 28 percent, a level consistent with that of Heritage Conservation and Recreation Service when it was a separate organization. Other National Park Service programs (except the Recreation Programs) have administrative overhead of 6 percent. The reason for this large percentage difference is that the National Park Service (excluding the former Heritage Conservation and Recreation Service programs) has a large operating base from which the overhead charge can be taken. Heritage Conservation and Recreation Service was a relatively centralized organization in comparison to the National Park Service. The Heritage Conservation and Recreation Service had originally, as part of the January 1982 budget request, included $11.4 million for overhead, some 38 percent of the total Heritage Conservation and Recreation Service operating programs. The National Park Service has reduced this requirement to $4.9 million. Further reductions would make it impossible for the National Park Service to meet the increased administrative, space, telephone, etc. requirements associated with the former Heritage Conservation and Recreation Service programs without taking funds to pay for these items from park area operations.

Question: What do you estimate would be the cost to the Park Service if no State continued tax certification activities without Federal support? How many additional staff would be required?

Answer: If the National Park Service administer the tax certification program without any assistance from State offices, there would be a reduction in the level of effort for these activities. For example, limited technical assistance would be available to applicants, no tax conferences would be conducted, and no onsite visits to applicant properties would be undertaken.

The following table presents an estimate of fiscal 1983 products, work-years and costs to the Federal Government if the National Park Service were to review and certify all tax applications without State Historic Preservation Officers' assistance. These estimates assume that the rate of increase in applications for certification of statutes, significance, and rehabilitation continues at the same rate as between fiscal 1981 and fiscal 1982.

	(Estimated) Fiscal 1983
Statutes Reviewed	240
Significance Recommendations	6,420
Rehabilitation Certification Recommendations	4,475
Federal Work Years	78
Cost (Thousands)	$2,464

However, we do not expect all States to drop out of tax act review activities, thereby making Federal costs lower than the $2.5 million shown here.

Question: What has been the workload and backlog of the Regional offices for the last two years and for the first two quarters of fiscal year 1982? What do you expect for a workload and backlog if the States do not continue the program voluntarily?

Answer: Regional offices were established in 8 localities in fiscal 1981. They perform duties relating to seven main cultural program areas as follows:

- Tax Act
- National Historic Landmarks
- National Architectural and Engineering Record
- Historic Preservation Fund Grants
- National Register of Historic Places
- Interagency Archeological Services
- Technical Assistance

A National Park Service Regionalization Task Force has made an examination of the workload of regional offices in fiscal 1981. The preliminary results are listed in the table below. During fiscal 1981, a backlog occurred in processing National Historic Landmark boundary studies, and in one regional office a backlog occurred during 1 month in the review of Tax Act certifications of rehabilitation. Although actual data for the first two quarters of fiscal 1982 are not available yet, backlogs are beginning to build in all regions.

Approximately a 95 percent increase in Tax Act workload has been projected by the States. A similar increase is expected for regional offices; certification submissions to the regions so far in fiscal 1982 are noticeably higher. This increase has been noted by the States during the last 2 months and has been attributed to the provisions of the Economic Recovery Tax Act of 1981.

If States do not continue their present activities voluntarily, their workload will have to be performed by Federal personnel. We have no basis of experience to measure the demands on Federal staff that would be generated, nor do we have valid information about which aspects of grant-assisted work might be continued by States.

PRELIMINARY DATA ON NATIONAL PARK SERVICE REGIONAL OFFICE
CULTURAL PROGRAM WORKLOAD FOR FISCAL 1981
with
Projected changes if States do not participate in
the Preservation Program

Program Area	Effort (in Work Years)	Output	Projected Change if No State Participation (Up, Down, None, ?)
Tax Act	14	2,997	U
Products: Cert. Stat.(U) Determinations of Significance (U) Tax Act Appeals (U)		Dist. Certs. (U) Cert. of Rehab. (U) Site Visits (D)	
National Historic Landmarks	5	211	N
Products: Boundary Studies (N) Federal Surplus Property Actions (N)		Threatened Property Inspections (N)	
National Architectural and Engineering Record	6	2,956	N
Products: Executive Order 11593 Inquiries (N) Doc. from Summer Recording Projects (D)		Documentation Items (N)	
Historic Preservation Fund Grants	114	5,845	D
Products: Survey and Planning Program Applications (D) Acq. and Dev. (A&D) Project Applications (D) Reimbursements/Fiscal Doc. (D) A&D Project Comp. Reports (D)		A&D Amendments (D) Site Visits (D) Active Projects Monitored (D)	

Program Area	Effort (in Work Years)	Output	Projected Change if No State Partcipation (Up, Down, None,?)
National Register of Historic Places	1	17	U
Product: Advice on Nomination Appeals (U)			
Interagency Archeological Services	24	4,160	N
Products: Data Recovery Contracts (N) Data Recovery Reports (N) Antiquity Permits (N) Corps of Engineering Permits (U) Survey/Evaluation Reports (N)			
Technical Assistance	5	7,586	U
Products: Tax Act Workshops (U) Technical Assistance Requests for Section 106 (U), HPF Grants (D), National Register/ NHL (U), Tax Act (U), General (N), NAER (N), and Archeological (N)			

Question: The Park Service testified that staff would be provided at both the Washington and Regional offices to compensate for the elimination of Historic Preservation grants to the States. Please furnish a detailed list of how many staff will be provided and where.

Answer: The Service is currently reviewing staffing requirements for Cultural Programs and has not yet determined the final distribution of staff to carryout functions previously performed at the State level.

Question: What do you estimate to be the rejection rate at the Federal level for projects that have been screened at the State level versus those that have not?

Answer: National Park Service(NPS) regulations require all applications for tax certification to be reviewed by both the State Historic Preservation Office (SHPO) and NPS. Applications are submitted initially to the SHPO for review, recommendation on whether the application meets the criteria for certification, and forwarding to the Service. NPS reviews all applications forwarded by SHPOs and issues an approval or denial of certification. A sampling of all certification actions taken in February 1982 reveals that Regional offices disagreed with 15 percent of the SHPO's recommendations involving certification of rehabilitation. Without the assistance of State offices, we estimate that 20 percent applications would be disapproved.

QUESTIONS SUBMITTED BY SENATOR DENNIS DECONCINI

Grand Canyon National Park, Arizona

North Rim Road

Question: Could you provide me with an update on your efforts and concerns in regard to access to the North Rim of the Grand Canyon and maintenance of the road?

Answer: The Grand Canyon National Park North Rim entrance road is experiencing serious base failure. Consequently, this will require certain usage restrictions until a complete road rehabilitation project can be undertaken.

Fundamentally, utilization of the North Rim Road hinges on the amount of spring run-off and the time required to allow the roadbed to dry out. Any premature opening of the road would accelerate roadway failure, thereby, increasing reconstruction costs, maintenance costs, and could result in a traffic safety hazard. Consequently, barring unforeseen developments, the road is expected to open for general traffic, subject to weight limit of 14,000 GVW per axle, on approximately June 1. This weight restriction is expected to be in effect until at least June 15.

Barring unforeseen additional deterioration on the North Rim Road, the National Park Service intends to provide sufficient road maintenance funding to insure that the road will be usable and safe throughout the visitor season until a definitive design solution is developed and full reconstruction can be programmed.

The park's staff will be meeting with Kanab Chamber of Commerce and other interested parties during the first week in May to discuss the North Rim situation.

Glen Canyon National Recreation Area, Utah-Arizona

Question: A number of my constituents have expressed opposition to the Bureau of Reclamation's recently announced intent to increase the capacity to generate peaking power at the Glen Canyon Dam hydroelectric plant. Has there been sufficient analysis of the impact this action would have on the environment of the canyon and on the recreational uses of the river? If so, could you briefly summarize what those impacts might be? Should additional study or attention be given to these possible impacts?

Answer: In a statement released October 30, 1981, Secretary Watt dropped plans to add two generators to the Glen Canyon Dam above Grand Canyon National Park. However, the existing generators are undergoing rewinding, and the Bureau of Reclamation has a proposal to uprate the generators to match their electrical output to the existing turbine capacities. If this is done, capability will then be present to provide additional power reserves for emergencies and substitution when units are down for service.

The Bureau of Reclamation has recently released an environmental assessment on their uprating proposal. If the proposal is implemented, the turbine discharge could start to increase when the lake elevation is at 3,641 feet and could increase about 5 percent, an elevation of 3,693. This would create slightly increased flows and fluctuations downstream. The estimated vertical rise at Lees Ferry will be 2 inches, and diminish downstream from there. The basic system of operation will remain the same, however, and incremental impacts to bank stability, riparian habitat, fishery resources, and recreation resources are expected to be minor.

The National Park Service is concerned whenever operation changes and peaking power additions are discussed since these activities could result in significantly greater impacts than those stated above. The Service believes that further studies to quantify impacts to biological and recreation resources from any potential major operation or peaking changes must be conducted. We have submitted detailed comments and recommendations to the Bureau of Reclamation on the uprating proposal. We have also urged the Bureau to proceed with impact studies on the problems associated with the operations of Glen Canyon Dam. We intend to work with them and cooperate in any way we can.

Grand Canyon National Park, Arizona

Water and Sewer Systems

Question: What is the present condition of the water supply and sewage systems at the Grand Canyon? How much has been requested for rehabilitation of the systems in FY 83?

Answer: Both the water and sewer distribution systems at the Grand Canyon National Park are in a deteriorated state. Most of the lines were constructed in the 1930's and will soon reach the end of their usable life cycle. The Service is aware of these problems and has a large survey, inspection, and planning effort underway to determine exactly what rehabilitation and reconstruction is required.

With respect to the second question, the Service is requesting sufficient funds in 1983 to continue the long-range rehabilitation planning effort and to correct several immediate problem areas. The fiscal 1983 construction program includes Grand Canyon, Package 411, Modifications to Roaring Springs Pumphouse at $406,000. The Park Restoration and Improvement Program includes over $1 million in health and safety and repair and rehabilitation maintenance funded projects, including improvements to trans-canyon water line; modifications to South Rim wastewater treatment plant; water storage tank replacement; replacement of deteriorated sections of the South Rim water and sewer distribution systems; repair and replacement of sections of the trans-canyon water line; repainting interiors and exteriors of water storage tanks; and installation of water line valves, regulators, and water meters on the South Rim.

Merger of the Heritage Conservation and Recreation Service with the National Park Service

Question: Since the merger of HCRS with the Park Service, have all HCRS' goals and programs been eliminated?

Answer: Although the programs administered by the former Heritage Conservation and Recreation Service are at a reduced level for fiscal 1982, most of them have not been eliminated. Many of the programs are carried out in conformance with authorizing legislation. For example, the training and consultation services provided State and local governments and to the private sector in such areas as energy conservation, land management and recreation activities are authorized by Public Law 88-29, The Outdoor Recreation Organic Act. The National Park Service intends to comply with applicable legislative authorizations and understands the purposes for which these laws were enacted.

The many programs and activities conducted by HCRS have been concentrated into one major appropriation for fiscal 1982 and 1983. The National Recreation and Preservation appropriation is comprised of five categories; recreation, natural, cultural, environmental compliance and review, and grant administration. They cover a broad range of activities that will continue to be performed during fiscal 1983.

Question: How many persons transferred from HCRS to NPS under the merger of the two agencies?

Answer: There were 666 employees transferred to the National Park Service from the Heritage Conservation and Recreation Service.

Question: In funding for FY 1983, how many individuals will be retained in their former HCRS functions? How many will be absorbed in NPS functions?

Answer: The number of former Heritage Conservation and Recreation Service personnel to be retained has not yet been determined.

Question: How many HCRS personnel does the Department plan to release?

Answer: The number to be released, if any, has not yet been determined.

Question: How many vacant positions are now created by the Park Service?

Answer: In fiscal 1982, all federal agencies began using the full-time equivalency (FTE) system to manage employment. Under the FTE system, employment is controlled by the number of work years used rather than the number of employees on board at the end of the fiscal year. If employment for the National Park Service continues at the current pace, we anticipate using approximately all of the FTE allocation for permanent employees. It appears now that the Service might be slightly under the allocation in the other than full-time permanent category at the end of this fiscal year, though it is somewhat difficult to predict since the FTE position control mechanism is new to the Service.

SUBCOMMITTEE RECESS

Senator McCLURE. Thank you, Mr. Dickenson. The subcommittee will stand in recess subject to the call of the Chair.

Mr. DICKENSON. Thank you very much.

[Whereupon, at 12:05 p.m., Thursday, March 11, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

WEDNESDAY, MARCH 17, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:35 a.m., in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

STATEMENT OF KENNETH L. SMITH, ASSISTANT SECRETARY OF THE INTERIOR FOR INDIAN AFFAIRS

ACCOMPANIED BY:

- ROY H. SAMPSEL, DEPUTY ASSISTANT SECRETARY OF THE INTERIOR FOR INDIAN AFFAIRS (POLICY)
- JOHN W. FRITZ, DEPUTY ASSISTANT SECRETARY OF THE INTERIOR FOR INDIAN AFFAIRS (OPERATIONS)
- JOSEPH W. GORRELL, DIRECTOR OF BUDGET, DEPARTMENT OF THE INTERIOR

PREPARED STATEMENT

Senator McCLURE. Good morning. This is the time scheduled to review the fiscal year 1983 budget estimates for all Bureau of Indian Affairs programs except education. Education will be covered in a separate hearing.

The fiscal year 1983 request totals $969,035,000, an increase of $26,027,000 over fiscal year 1982 appropriations to date. A budget amendment in the amount of $29,800,000 is expected for the Ak Chin irrigation project, which would make the increase $55,827,000 above the current level.

I want to welcome Mr. Smith before the committee. If you would first introduce your associates you may then proceed to highlight your opening statement, the full text of which will be included in the record.

[The statement follows:]

STATEMENT OF KENNETH L. SMITH

I am pleased to be here today to discuss with you and your committee the 1983 budget request for the Bureau of Indian Affairs. I feel that during my first year as Assistant Secretary we have set new directions and established new initiatives which will improve the well being of the American Indians and strengthen tribal capacity for self-determination and self-government. We are making improvements in management as recommended by Indian leaders and by Congress. These improvements will lend to better services to Indian tribes, Alaska Native groups, their people, and the taxpayer.

Before I get into details of Bureau programs, I would like to introduce my top management staff. I am operating with two deputies: Roy Sampsel is my Deputy for Policy and John Fritz is my Deputy for Operations. We are not filling the position which has been known as the Commissioner. All the duties and responsibilities of that office are to be handled by the Deputy for Operations.

FY 1983 Budget Request

At present, we are requesting for fiscal year 1983 an appropriation in the amount of $1,570,235,000, excluding $52 million for programs which would be transferred from the Department of Education. This amount is made up of $969,035,000 in Federal appropriations and $601,200,000 in permanent and trust funds. The request for appropriated Federal funds reflects a net increase of $26 million over the amount appropriated for 1982. The operating program shows a net increase of $47 million, the construction program a net decrease of $17.4 million, and a net decrease of $3.6 million in Road Construction. Not included in the above figures is $29.8 million to cover the proposed legislation of the Ak-Chin Irrigation Project in Arizona.

We are proposing two new initiatives this year and I wish to highlight these for the Subcommittee. The first is $10 million for implementation of an Economic Development Initiative. The objective of this initiative is to assist tribal governments to generate individual and tribal income and employment on reservations. This will be pursued with several operating objectives: (1) to improve Indian access to private capital; (2) to encourage the development of natural resources; (3) to promote tribal control over resource management and economic development decisions; (4) to raise the level of employment and management skills among tribal members; and (5) to help overcome the financial problem which arises from the inability of tribes and individual Indians to secure a private loan with trust resources. We believe this is in keeping with the wishes of Congressional appropriation committees who for years have urged the BIA to develop economic initiatives which would address the problems of excessive tribal dependence on Federal funding. Because at least 80 percent of needed funding will have to come from sources other than this initiative, we believe we can avoid past problems with economic development projects which often were not financially feasible.

The second is a $5 million initiative for assistance to small tribes to acquire and maintain core-management capability to improve their opportunity to operate tribal and federal programs more effectively. To demonstrate a commitment participants must agree to (1) prepare a tribal management program with specific, measurable objectives, (2) staff the program with competent personnel on a merit basis, and (3) understand that non-performance is cause for cancellation of the grant.

Core management support will be provided initially to approximately 80 small tribes (population 400 to 1,500) under grants averaging $47,500; and to 15 consortia of small tribes (population less than 400), average grant $80,000.

I think the most important factor in bringing about economic development on a reservation is a strong, stable tribal government. Such governments are essential to self-determination. There must be stability and continuous tribal direction so that long-term goals can be achieved. There must be strong leadership to initiate and maintain responsibility and accountability. I am committed to these efforts.

We recognize the need to bring Federal spending under control and to assist in this effort we are proposing changes which will result in improvements in efficiency.

Realignment of the Bureau

We have just recently announced a major realignment of the Bureau of Indian Affairs. The proposal will reduce the administrative overhead costs by $16 million in 1983, but, most important, the structure will provide the Bureau with more effective and efficient management.

The proposal realigns the present 12 Area Offices into six regional technical assistance centers, streamlines the Bureau's education office, and reduces Central Office staffing. The six regional centers will be located at Albuquerque, New Mexico; Minneapolis, Minnesota; Oklahoma City, Oklahoma; Phoenix, Arizona; Portland, Oregon, and Rapid City, South Dakota. Regional Education Offices will be located at Minneapolis, Oklahoma City, Phoenix and Portland. There will also be an Alaska Native Support Center at Juneau to serve the Alaska Natives and a Navajo Nation Service Center at Window Rock, Arizona.

The Regional offices will have some different functions. From a manager's standpoint, we believe it makes good sense to concentrate our technical experts where they are most needed. Our new concept is to give certain regional offices lead roles in certain specialties, i.e. forestry management; mineral development; and so on. We feel this is one way to enable the Bureau to give better services to the tribes.

We plan to have this realignment in place by the beginning of FY 1983 in order to realize the savings during that fiscal year. We will be continually looking at ways to streamline and improve our organization. I feel the six regional centers we are establishing will give us the appropriate, efficient middle level management.

BIA Schools in Alaska

We are negotiating with the State of Alaska for the early transfer of the remaining 37 BIA operated schools. The State Constitution requires that the State provide an education to all. The State of Alaska, will, in time, provide education programs to the Native children currently enrolled in Bureau day schools through their 21 regional education areas. Latest estimates of the cost of day school operations in Alaska were $13.8 million in 1981 and approximately $12.5 million in 1982.

Off-Reservation Boarding Schools

At the end of the 1981-1982 school year the off-reservation boarding schools (ORBS) at Concho, Oklahoma and Wahpeton, North Dakota are targeted for closing. These schools are the last of the remaining elementary ORB schools operated by the Bureau. We firmly believe elementary age children should be educated as close to home as possible and not in off-reservation boarding schools. Most students will be returning to their families or guardians. On-reservation boarding schools and peripheral dorms also have space available. The same type of foster care placements which had been made in the past for vacation periods and the summer months will continue for those few children who need them. At this time there are eight off-reservation boarding high schools being operated by the Bureau. We are taking a close look at these remaining ORB schools. We are looking to streamline these schools by closing outdated, high cost facilities, eliminating inferior programs and concentrating quality programs into three, four or five efficient regional schools. We have not made a decision on any ORB schools other than Intermountain (Utah) and Mt. Edgecumbe (Alaska). These are scheduled for closure at the end of the 1982-83 school year and will have no freshman class.

Consolidated Tribal Government Programs (CTGP)

In accord with Administration policy and Congressional approval, we have initiated a prototype block-funding project for FY 1982 intended to provide tribes greater self-determination in the operation of Indian programs.

This program began as a part of the Administration's budget initiative for FY 1982 when the Bureau proposed to consolidate of ten program functions into a new activity entitled Consolidated Tribal Governmental Programs (CTGP). The proposal was based on giving each tribe the option of selecting, within a certain number of programs, the funding amounts and types of programs the tribe would operate during the budget year. Consolidated funds would then be distributed to tribes based on individual tribal decisions. During its budget review, Congress suggested further study of the CTGP concept but gave us approval to conduct a pilot project in twelve Bureau locations. Consequently, the Bureau completed a detailed review of the CTGP concept and conducted initial consultation with tribes on the basic concept. Within this framework, the Bureau has initiated action to implement a CTGP prototype project this fiscal year. This Administration initiative is intended to gain support from participating tribes so that the prototype effort may be extended to additional tribes in FY 1983.

Consultation

My view of consultation is that we ask for and seriously consider the views of Indian Tribal Leaders before we make final decisions on important policy matters affecting the Indian community.

It does not mean that we ask permission to make a decision and thus abdicate or delay our management responsibility.

It would, however, be clearly inconsistent with my strong belief in Indian self-determination to fail to recognize the value and need of an effective consultation process. We need, and want, the recommendations and suggestions of Indian tribal leaders continously in matters of policy affecting them.

We are using and intend to continue to use our field offices more and more as a principal means of communicating and consulting with the Indian leaders on the reservations. We think an informal consultation process can be as effective and useful as a more formal process -- though we use both. Sometimes the urgency of making a decision prohibits the use of any extensive, formal consultation process.

We are trying to keep the Indian tribal leaders and the Indian community well informed and knowledgeable about what we are doing. We plan to do better. We are going to continue to do things openly -- so that Indian leaders can see and know and comment.

Trust Responsibilities

With regard to the trust responsibility policy of this Administration, we are totally supportive of the strong advocacy of the tribes' trust assets and resources of which the United States holds the legal title for the benefit of the tribes. We will maintain our support for such trust assets and resources with full consultation with the tribal leadership.

Accomplishments

Since I am just rounding out my first years as Assistant Secretary for Indian Affairs, I view my statement today as an opportunity for a kind of Annual Report. We feel we have accomplished some things and have others in the making which we have not mentioned above. Some of the accomplishments which I would like to highlight are:

- Operation of 20 fish hatcheries which released 40 million salmon and trout fry to supplement the total fishery resource where both the Indian and non-Indian economy is dependent upon commercial and sport fisheries.

- Participation in development of the Michigan treaty Indian fishing pilot project. This involved assisting three tribes (Sault Ste. Marie, Grand Traverse, Bay Mills) in improving their commercial fishing efforts, exploring new catch methods, and working cooperatively with the State of Michigan on regulations, etc.

- Fulfillment by 21 treaty fishing tribes of Western Washington of their obligations and responsibilities, as decreed by the Federal Court, in the management of treaty salmon, steelhead, and herring fisheries. These tribes directly conducted management and enhancement activities of 45 stream systems and regulated the fishing activities of over 1500 treaty fishers.

- Thirty tribes across the country developed or increased their capability to responsibly enforce their laws and regulations against their own members and on the lands and water within their jurisdiction.

- In 1981, the Bureau purchased 161,290 acres of land for the Passamaquoddy and Penobscot Tribes of the State of Maine. The price was $33,911,647.

- Forty-seven water inventories and water development planning studies on 32 reservations we completed. These are studies designed to prepare tribes for development of their water resources and for negotiated settlements of their water rights.

- We developed and implemented plans for recovery of delinquent non-Indian construction debt on Indian irrigation projects.

- Established and maintained a Bureau-wide schedule for completing research and filings of claims under the Statute of Limitations program by December 31, 1982.

- Performed forest inventories on 8 reservations with a commercial forest base of 560,657 acres.

- Provided funds to the Alaska Native Foundation for Village Management Assistance in Western Alaska. The project, in two target areas with 25 Alaska Native Claims Settlement Act village corporations, furnishes training and technical assistance in business, finance, and land management which will lead them to being self-sufficient and economically self-supporting. The management systems developed can serve as models that could be adopted by other corporations in other areas of the State of Alaska.

- The Juneau, Portland, Sacramento, Billings and Aberdeen Areas were involved in meetings concerning the Alaska gas pipeline project which involved discussions on what contracts and subcontracts would be available for Indian contractors to bid on and what kinds of jobs would be available for Indians. As soon as the gas pipeline project gets started, the Juneau Area will be ready to participate because of their experience in the oil pipe line project. The other areas are making plans to participate by placing qualified Indians on those jobs that will be available. The United Tribes Educational Technical Center, Bismarck, N. D., will assist by providing training to those welders who need to upgrade their skills.

- Two staff genealogists were certified by the National Board of Certification of Genealogists as American Indian Lineage Specialists, the first two such certifications in the country.

- The Social Services ADP System is now operating in full or part in all areas except Juneau, Sacramento and Navajo. Eighty-three (83) terminals are now "on-line" and are generating grant assistance checks, statistical and financial data, and related social services administration management information.

- Instigated a concerted program effort to ensure that a complete physical inventory of personal property is accomplished each year at each BIA location. These inventories are compared to a general ledger control account and any differences are reconciled or adjusted, Boards of Survey actions are completed, and certification is required by the Area Director in writing to the Central Office.

- As mandated in Public Law 95-561, all BIA and Tribal Schools are functioning under the direction of local school boards. These school boards are establishing the local policies and the financial priorities to be used in operating their local schools.

- The Bureau has expanded and improved its provision of educational services to handicapped Indian children by screening over 8,500 students and finding appropriate placements or services for more than 5,000 children. Programs for handicapped children such as speech therapy, instructional services, occupational therapy, physical therapy, psychological and diagnostician services have been started and are being implemented in the BIA school system.

- The Bureau has encouraged Tribal contracting for the Higher Education program under Public Law 93-638. More than 60 tribes will be contracting for this program during FY 1982.

- A Master Labor Agreement covering approximately 10,000 Bureau employees nation-wide has been negotiated by the Bureau. This Agreement replaces approximately 60 local agreements and 25 supplemental agreements. The most noteworthy feature was that the BIA was able to get the union to agree to a limit on official time for bargaining. We are the only agency in the entire Federal sector that has accomplished this feat. The result has been that our negotiations cost approximately $60,000 where similar negotiations in the federal agencies had cost over a million dollars. Perhaps most importantly, we have demonstrated a method of reaching bilateral agreement through voluntary action of the parties at interest.

Shortfalls

Of course, accomplishments are accompanied by shortfalls. We have not done everything right and we won't deny we have made.some errors: We have not met all our deadlines and our mandates. We are still trying to get our regulations on education standards prepared, approved, and printed, and develop national criteria for BIA dormitories. We are still attempting to automate our Revolving Loan Fund. Since this is a requirement of the debt collection project, we have set September 30, 1982 as the deadline for this automation. I feel we have made progress and the plans we have developed or are developing will be accomplished to the betterment of the American Indians.

Management Methods

One of my basic management methods of getting things done is by setting goals and then determining the steps to be taken to achieve them. People know what they are supposed to do and how much time they have. The manager works with his staff to keep the steps on schedule; the result is inevitable. Things get done and goals are reached.

Some of the goals I have set for myself and for the BIA are:

- As trustee, to provide for the protection and improved management of American Indian natural resources.

- To help create greater opportunity for tribes to develop their reservation economies.

- To encourage and support the strengthening of tribal government structures and tribal management capacities.
- To improve education and social programs on reservations by giving the tribes greater authority in the managerial process, and
- To make the BIA a more effective service organization through the use of sound management concepts and practices.

Beliefs and Philosophy

At my confirmation hearings, I told members of the Committee some of my beliefs and my philosohpy about Indian people and Indian self-determination. I would like to address these same statements to you:

- I believe in the strengths of Indian people which have enabled them to endure -- through times of adversity and oppression unparalleled in history. (I am sure that you believe in that strength too. The Indian people are strong! They can and they will meet the challenges of the present time.)
- I believe Indian people have the will and the ability to govern themselves, and exercise wisely their sovereign powers within the framework of the Federal-Tribal relationship.
- I believe that the fulfillment of the hopes and aspirations of Indian people and their tribal governments must come from within -- from their own will and determination.
- I believe Indian people and their tribal governments -- not the Federal Government -- have the prime responsibility for improvement of their social and economic growth and development.
- I believe the proper role of the Bureau of Indian Affairs and other Federal Agencies, is to encourage and foster an atmosphere that will enable tribal government to move toward less dependency on the Federal Government.
- I believe the goal of moving tribes away from dependence on the Federal Government is in complete accord with the existing government-to-government relationship and does not in any manner diminish or alter the Federal trust responsibility.
- And finally, I believe the government and trust relationships will be more meaningful when tribal governments are strong and stable and less dependent on Federal funds.

Mr. Chairman, may I thank you and your committee for what you have done for the American Indians and the guidance you have provided and will continue to offer in the future.

My staff and I are available for any questions or discussions you may desire.

Thank you.

INTRODUCTION OF ASSOCIATES

Mr. SMITH. Thank you, Mr. Chairman.

First of all, it is a pleasure to be here with you this morning to discuss our proposed budget for 1983. I would like to introduce: to my left, John Fritz, who is Deputy in charge of operations. The seat to my right will be filled by Roy Sampsel. He must be held up in traffic. He is my deputy in charge of policy. Joe Gorrell who works for the Department of Interior as Director of Budget.

From time to time, depending on the question, I might call upon some of our directors who will be able to respond to some of the questions you may ask.

Senator McCLURE. Thank you.

Mr. SMITH. I would like to just sort of summarize the statement that was submitted yesterday. As you indicated, we are requesting for fiscal year 1983, budget authority of $1.5 billion, of which $969 million is in Federal appropriations, and $601 million is in permanent and trust funds.

The operating program show a net increase of $47 million, a net decrease of $17.4 million in construction and a net decrease of $3.6 million in road construction.

I like to feel that we have proposed a pretty fair budget considering the economic conditions of the country. We tried to hold the agency and tribal base to as close as 100 percent, or over 100 percent as much as possible. That is the money that goes out to the reservations, and we are trying to hold to their priorities in our proposed budget.

Some increases that we have in our proposed budget; we have $6.1 million requested in welfare assistance grants, for the estimated increase of approximately 3,800 general assistance caseloads.

We have an increase of $2.3 million for self-determination grants reflects a substantial effort on the part of approximately 480 participating tribes to update and improve governmental and management capabilities.

We have an increase of $3 million for contract support, which will bring the total to $30.3 million which is needed to support Public Law 93–638 contracts totaling $230 million in fiscal year 1983.

We have a $2.5 million increase for reservation road maintenance, and an increase of $1 million in the real estate appraisal program.

And two important—I don't consider them new initiatives, but two important initiatives, line items that we are proposing in our budget this year. One is the $5 million to help small tribes in Indian country set up a core management team to strengthen tribal government. That is one of our keys in Indian country, if we are going to be successful, it is going to be because of strong, stable tribal government. Hopefully some of this money will help strengthen that particular government.

We have also requested $10 million for an economic development initiative. We consider this as seed money. We feel all the other funds have dried up in the Government sector, and we feel definitely that tribes are going to have to start tapping private sector area for development of their reservations. This $10 million will go a long way as leverage to hopefully entice private sector money to go on reservations. We are hoping that we can do from 50 to 60 million dollars' worth of work on Indian reservations in development.

Some of the principles we used in arriving at our economic development plan is: First of all that economic independence is the essential foundation for Indian self-determination; two, economic independence will be achieved only within the context of traditional American free enterprise; and three, Indian enterprise can flourish only in the political environment of a stable, responsible tribal government.

We have just recently announced plans for a major reorganization of the Bureau management structure. We feel we can improve it. We have a line item of a minus $16 million for that. When I first came on, there had been a lot of criticism about reducing the bureaucracy in Washington, and the bureaucracy at the area level. Several studies have been made in the past. The American Indian Policy Review Commission recommended that we do away with all area offices and establish six technical centers out in Indian country and have all the agencies report directly to the central office. Of course, that would be chaos.

We did consider other reports that have been done in the past, and we think we have a pretty good proposal.

We have plans to transfer BIA schools in Alaska to the State. We are currently negotiating with the State to see how many of these schools we can transfer in fiscal year 1983.

We have off-reservation boarding schools that are costing us a fortune. In the lower 48 States they are costing us approximately $8,000 to $10,000 per student in fiscal year 1982. Mount Edgecumbe, in Alaska, is costing approximately $20,000 per student. We have targeted two of these off-reservation boarding schools for elimination in fiscal year 1983, and additional schools will be eliminated in fiscal year 1984. We are phasing out and we will probably end up with three or four off-reservation boarding schools.

We also plan to close Southwestern Indian Polytechnical Institute in Albuquerque at the end of this school year. We feel there are some options of providing technical education through other schools around Albuquerque, the Navajo Community College and some of the other community colleges around the country. We feel that we could do this cheaper than trying to provide funding for SIPI.

Mr. Chairman, that summarizes my statement to you. We are open for questions and will respond to your questions at this time.

Senator McClure. Thank you very much. I appreciate your statement and I appreciate the structure of the statement as you point to some achievements over the last year and confess there is some work yet to be done. Inevitably, the questions are more likely to focus upon either the errors of the past or the problems of the present and the future rather than the accomplishments. That's sometimes unfortunate. With that in mind, I want to ask some questions about what are apparent failures in the immediate past and see whether or not we can do better in the future.

DROUGHT RELIEF ASSISTANCE PROGRAM

In October 1981 the Office of the Inspector General issued a report on the drought relief assistance program administered by the Bureau under Public Law 95–240. While you, Mr. Smith, cannot be held accountable for that program, the review does point up some serious shortcomings in the Bureau's administration of Federal funds, so it may be worthwhile to discuss that program in some detail. I don't mean to overemphasize just that program, but it's symptomatic of the difficulty.

Of the $6,300,000 appropriated for the program, the Inspector General's office reviewed expenditures totaling $3,300,000 and found out less than $300,000 has been expended for purposes that could be directly related to the purposes and objectives presented to and authorized by the Congress. A plan of operations was developed by the central office for the grazing land deferral program. The two area offices which were the target of the IG's report, however, followed none of the guidelines, other than the disbursement of the funds.

Later on this morning we will discuss a General Accounting Office report on the Bureau's lack of control over grants and contracts. One of their findings was essentially the same, however, in that often when the dollars reach the area and agency level, the guidelines and controls requested by the central office are ignored. What steps can you take to insure that program guidelines and eligibility criteria are enforced at the area and agency levels?

Mr. SMITH. Mr. Chairman, that's a long question, and one of the things that we're trying to do now is beef up our management capabilities. We're trying to improve, we're trying to streamline it, and hopefully I can hang on to my two deputies that I've recruited and brought on board. We're trying to build a good team around us and we're trying to address some of the problems on a team concept. I've finally gotten my team together and we think we'll be able to deal with a lot of these issues that have happened in the past. Probably we won't be able to solve them all, but hopefully we'll make a lot of progress in the next year.

On that specific question you asked, Mr. Chairman, I'm going to move around with the questions to the person that I think could best handle the question, and Mr. Sampsel is the one to handle that.

Mr. SAMPSEL. Good morning, Mr. Chairman.

Senator MCCLURE. Good morning.

Mr. SAMPSEL. The drought relief program specifically not only has the reports of the IG indicating a deficiency, but those of us who were watching it from the field prior to entering Government also knew that there were problems taking place. I think the easiest way to address it is simply say that they are going to have to be corrected. The deficiencies that are there are well known. The program came in at a time when all of the things that were pointed out in the GAO audit reports that you mentioned did, in fact, happen.

Now, what corrective actions have been taken? During the last year we have instituted within the contract process of the Bureau, the requirement for annual audits. We also have the requirement for quarterly reviews of all grants and contracts. Those quarterly reviews take place in the field but are also reported to Washington.

Hopefully with the quarterly review concept which is now being implemented, deficiencies such as those pointed out in the IG's report and the GAO report can be spotted and corrected quickly.

The exact demands on the grant and contracting offices within the Bureau have been very hard over the last few years. They have not had the type of personnel that they need. They have not had the number of personnel. There's been a great increase in contracting activity. That's no excuse for the type of deficiencies that were pointed out, but I think we needed to put a stronger emphasis and to tie back in the line manager of the Bureau of Indian Affairs with the individual grant and contracts that that line officer, that agency superintendent was responsible for making sure that the program direction was carried out, as opposed to passing off that responsibility on someone called a contracting officer's representative.

And that particular change in philosophy of making that line officer responsible for those grants and contracts is going to be the biggest change that's going to make sure that this takes place. That line officer now has in his job review and his job qualifications, the responsibility for compliance with the grant and contracting operation, and for compliance and clearing up of all audit deficiencies pointed out. That had never happened before.

Now, can you just do it by making a person responsible and changing the words? Probably not, but at least the mechanism is in place to correct the deficiencies.

The other thing is that I think for maybe the first time—not just within the Bureau of Indian Affairs and the Department of Interior—that all of Government is taking a very serious look at the misspending of money, waste, in some cases out and out fraud. This philosophy that we just do not have the luxury of being able to waste and misspend money is beginning to hit home, not only within the system, but certainly within the tribes we're looking at.

More and more I hear tribal governments coming in and saying the one thing you have to do is make sure that these programs work, that we are in fact accountable. So as we start in looking at the total overall picture, I believe we have put into place the mechanism that can correct the deficiencies pointed out in both of the reports—the IG's report specifically as it relates to the drought relief program, and the GAO report.

Second, the line manager being held responsible for those things under his direction and being held programmatically responsible, as well as being held responsible for the actual operation of the grant and contract and the general philosophy that's existing now, that it's time to clean up some of the deficiencies in the past.

Senator McClure. I appreciate the comment. Was there further comment?

Mr. Fritz. Excuse me, Mr. Chairman. One of the problems, I think, that has historically characterized the senior management of the Bureau has been the unwillingness or inability to confront and accept responsibility, accountability for problems of discipline, respect and even morale that are found out in the field. I think that we are characterized as people who are not only willing to accept that responsibility, but willing to accept it readily and with all the fervor that is characterized by our charge to do a service on behalf of the U.S. Government.

Now, in this instance we haven't accepted the charge that only $300,000 of the $3 million audited is all that was properly spent. We have, in fact, at this point entered into negotiations with the Inspector General and with the Solicitor's Office regarding the definition of drought and the definition of need found within the acts, and so there is a challenge and a response backed by us. But that does not lessen our responsibility for the actions.

Senator McClure. I appreciate the comment and the answer, because I don't wish to assume that simply because the IG made the charge, that it's necessarily true. You are certainly entitled to, and I would urge you to disagree, if indeed you do disagree. Whether it's $300,000 or $500,000, there is obviously some error involved.

I agree with the idea of accountability. I question how well it can be carried through. We will be watching very carefully, because if there is anything that has bothered me since I've been in the Congress, and I'm in my 16th year now, it's the lack of accountability of Federal officials. I could give endless examples, but one that sticks in my craw perhaps worse than most was the fiasco of the Visitors' Center. And I'll make this statement casually, knowing that I can't prove it, and I want it to be taken that way: Somebody must have stolen a lot of money, because it isn't obvious where it went.

I tried to find out who was responsible for that. I was on the Public Works Committee, I spent 2 years trying to find out who was the architect, who made the estimates that were so badly off target. After 2 years of very diligent effort we finally found out who it was. It was an architect who had just died the week before. [Laughter.]

So I hope you do manage to put some accountability into the system. Forgive me if I am a little bit skeptical about whether it's going to work. I don't mean by expressing that skepticism to say that we will easily let you off the hook if indeed you try to establish accountability and fail to do so. There has to be not only the assignment of responsibility and the identification of the people who are responsible, the assessment of whether or not they have met their responsibility and indeed some reward/punishment system that goes along with their performance of that responsibility; if you don't have all of those elements, you have no true accountability other than just in terms of words and a policy.

I want to look just for a moment at some of the details of that program, however, because it's not wholly behind us. It teaches us something, but we also have some continuing responsibility.

CROW TRIBE DROUGHT PROGRAM

In September 1978 $485,000 was awarded to the Crow Tribe under the drought assistance provisions. In May 1978, 4 months prior to the drought relief assistance, the Department of Agriculture was providing emergency funding to Indian landowners because of a flood that had occurred on the reservation. Twenty-seven of the 45 individuals who received payments for not grazing stock were not classified as livestock operators either by the BIA or the tribal contractor. Furthermore, the program continued to operate through May 1981. Administrative costs equaled the program funds, and four nonlivestock operators were paid $900 for the purpose of recruiting others to participate in the program.

We understand that the Bureau has finally canceled the contract and issued a bill for collection in the amount of $144,000. When was the bill issued and have any funds been collected?

Mr. Fritz. I think I'll turn that over to my Acting Director of Trust, as to the intricate details of those dates I think Mr. Stevens can more accurately respond.

Senator McClure. Would you identify yourself, Mr. Stevens, and your position, please.

Mr. Stevens. I am the Acting Director of Trust Responsibilities. Good morning.

The bill of collection was mailed to the Crow Tribe on February 11, 1982 for $144,000. We haven't received any funds back from that bill yet.

Senator McClure. What action will the Bureau take to recover the funds?

Mr. Stevens. Sir, I am not sure what the action will be yet. First we will see whether we get the funds or not, so that's a little ways down the road. The Crow Tribe does have financial problems.

Senator McClure. So does the Federal Government. [Laughter.]

And so do the taxpayers that pay the bill.

Mr. Stevens. Yes, sir.

Senator McClure. Are you going to follow through on that claim?

Mr. Stevens. Yes, sir.

Mr. Fritz. We will pursue in the appropriate means the recovery of those funds which are rightfully due and owing the Federal Government. We will take whatever steps are necessary to get those back.

Senator McClure. I hope you know we are going to follow up and find out what happened.

Mr. Fritz. Yes, sir.

NORTHERN CHEYENNE DROUGHT PROGRAM

Senator McClure. The Northern Cheyenne Reservation also received drought assistance funds, even though they had a higher than average annual rainfall during the period of the supposed drought. The Bureau's own monthly reports indicate that there were no drought problems and the tribe requested no assistance until after they had been advised that the drought assistance funds were available. The Inspector General's Office recommended that the BIA take action to recover the unauthorized payments of $22,464. Has any action been taken to recover these payments?

Mr. STEVENS. Sir, we are evaluating that now. We have a group in the field. We haven't issued a bill of collection. There still is a question as to whether or not the IG's charges are correct.

One of the things that you will find through that report, sir, is that the IG refers to a drought that did not exist. Their premise on this is because when the money became available there was no drought, and that the payments were improper. The money was appropriated to cover a drought that occurred a year or two before the money was available, so we have a very basic disagreement with the IG on this definition.

Senator MCCLURE. I hope you will provide the committee with your response to the IG's report.

Mr. STEVENS. Yes, sir.

[The information follows:]

JAN 12 1982

Memorandum

To: Acting Assistant Inspector General for Auditing

From: Deputy Assistant Secretary - Indian Affairs (Operations)

Subject: Audit Report "Review of Drought Assistance provided by the Bureau of Indian Affairs under Public Law 95-240"

Attached is the Bureau of Indian Affairs response to the subject report.

We do not agree with the recomendations on items 1 and 4 of the report.

Personnel from our Central and Aberdeen Area Office staff have worked with IG field staff to resolve the issues addressed in the audit. If the attached response does not resolve the issues, we recommend that a joint meeting be considered to resolve the issues.

/s/ Theodore C. Krenzke

BUREAU OF INDIAN AFFAIRS
RESPONSE TO OFFICE OF INSPECTOR GENERAL'S AUDIT REPORT
"REVIEW OF DROUGHT RELIEF ASSISTANCE PROVIDED BY THE BUREAU OF INDIAN AFFAIRS UNDER PUBLIC LAW 95-240"

General Comments

The tone of the audit report indicates some potential misunderstanding about the purpose and background of the Drought Relief Assistance Program. Before addressing specific recommendations, the Bureau of Indian Affairs would like to provide a brief review of the Indian Donation Feed Grain Program in the hopes of preventing this misunderstanding.

The premise, as stated on page 3 of the audit report, is not consistent with our interpretation of the program. Your report states, "The objective of this program was to provide for the reimbursement of emergency livestock feed costs that were incurred as a result of the drought". The objective was to provide reimbursement to pay eligible Indian ranchers who purchased feed supplies they would have received but did not receive through the Commodity Credit Corporation due to the termination of that program in November of 1976.

Reference is made to page 3 of the September 12, 1977 "Hearings before Subcommittee of the Committee on Appropriations, House of Representatives, Ninety-Fifth Congress, First Session." "The Emergency Supplemental-Livestock Feed program is urgently needed to maintain Indian foundation herds. The Indian Donation Feed Grain program of the Department of Agriculture was terminated in November 1976 because surplus oats owned by the Commodity Credit Corporation were all allocated on that date."

The Indian Donation Feed Grain program (IDFG) is unique and is derived from the Department of Agriculture's Emergency Feed Grain program. The IDFG program originated during the 1950's and does not require any purchase of feed or receipts from individual livestock operators to become entitled to free feed as is required for non-Indians in the ASCS administered emergency feed program.

The original premise being that Indians do not have the cash to purchase the required percent of feed to obtain the government contribution. (See page 20 of Hearing minutes). Therefore, under the IDFG program, Indians have, as authorized by memorandum of agreement between the Department of Agriculture and the Department of the Interior, received the government's contribution to the emergency feed program without making a feed purchase. On page 23 of the Hearing minutes, Mr. Butler testified this program would be a grant program.

Mr. McKay: "Of this request, how much of the funds requested are for, well, break it out for us. Is that a grant system or loan?

Mr. Butler: "That would be a purchase grant system".

Mr. McKay: "How much money will be going for that?"

Mr. Butler: "We have two basic programs that we are proposing here. The feed grain program is 3.6 million of the request. It would be a grant program."

Therefore, since the IDFG program was terminated on November 10, 1976 due to a shortage of C.C.C. grain, those livestock operators who had received an eligibility quota were entitled to it and apparently Congress saw fit to provide the remaining entitlement in funding to purchase feed in lieu of grain.

The eligibility was determined when the operators made the application for the IDFG program. The pounds of grain entitlement to each operator were determined at initiation of the program by the number of days approved by the Department of Agriculture, times the pounds of grain authorized per head. Example: 4.8 lbs. per day x no. of days x no. of head = Total Entitlement.

A general meeting with tribal officials and various Livestock Association Officials was held in Bismarck, North Dakota on April 5, 1978, at which Mr. Ken Fredericks, Chief, Division of Trust Services of the Washington Office, presented guidelines for the administration of the supplemental appropriation. He stated the funding request was based on the 1976 IDFG program request which was based on the number of subsistence livestock owned by Indians at that time. The Tribe was not to exceed the computed per animal unit entitlement based on the dollars available to the reservation. The funds paid to the operator were based on the number of livestock for which feed grain was requested.

The instructions received by memorandum dated April 21, 1978 further states "The reimbursement for emergency livestock feed costs shall be handled as a separate contract, or through the transfer of funds to the respective Indian Agencies for distribution to the predetermined Indian livestock operators. These operators are those whose foundation herds were in the inventory made by the respective Tribal Drought Coordinators during the summer of 1976, or those operators who were participating in the IDFG program at the time of its temporary demise in November, 1976."

It is a possibility that livestock operators originally certified to livestock they did not own in order to receive donated grain eligibility, however, those allegations are not verified. To our knowledge, the contractor, in this instance, the Tribe, will be asked to verify these records. If false certifications were made, it should be investigated and proper action taken by the United States Government.

We do agree with the premise that during the period in question Indian operators were not eligible to participate in the IDFG program and the normal ASCS Emergency Feed program simultaneously. In those instances where this may have occurred steps should be taken for reimbursement.

We have since revised our agreement with USDA on IDFG to coordinate these two programs to prevent double entitlement where both programs apply.

Inspector General's Audit Report Recommendations and Bureau of Indian Affairs Response.

Recommendations and Response

1. Recover, from the Northern Cheyenne Tribe, the $22,464 of contract payments that were inappropriately made for the nonrental of grazing units (see report pages 9 and 12).

Response: We do not believe that $22,464 should be recovered from the Northern Cheyenne Tribe. There appears to be uncertainty in what deferred grazing means or the purpose of deferred grazing.

(1) Deferred grazing programs are initiated and carried out for biological purposes, not economic. Economic benefits the livestock operators receive for not grazing are a secondary benefit.

(2) In range management, the adverse biological effects of drought are not necessarily reflected immediately and recovery certainly does not start immediately.

(3) Deferred grazing programs are not generally considered effective unless carried out for at least two years and preferably three consecutive years. In fact, on page 29 of the P.L. 95-240 Hearing minutes, the matter of time was discussed, and it was agreed that one year's deferment was not ideal.

We do not agree with the general statements made on pages 9-12 about drought conditions. While the statements quoted on page 10 indicate that moisture existed in the snow pack and range forage looked normal, this should not lead to the conclusion that the entire reservation was free of drought conditions. On a land base as large as the Northern Cheyenne Reservation in a 12-15 inch rainfall area you may have adequate soil moisture in the highlands and have areas of drought in the lowlands for several years in succession. Reduced moisture conditions enhance the grasshopper breeding and reproductive cycle, thus the statements in the report concerning grasshoppers should not be interpreted to mean that the grasshoppers caused the problem. They were merely biological indications of the problem. The decision to defer selected areas was based on drought and a downward trend in range condition. During a new grazing permit period it is not uncommon to have several incomplete permit contracts at the start of the grazing season.

On Northern Cheyenne grazing permit fees are collected one year in advance or before the grazing season begins. Normally, landowners have received their income for the year and the deferment payment goes to livestock permittees as a refund of their advanced grazing fees. In the Northern Cheyenne's case the Northern Cheyenne Tribe was a landowner and the lands in question could not be leased. Therefore, the Tribe should not have to refund the $22,464, which was paid to offset lost lease income and to defer grazing on this land.

2. Determine and report on the status of the actions being taken to recover drought relief contract funds that have been advanced to, but not expended by, Tribal organizations (see report pages 9 and 22).

Response: The Billings Area Office has been directed to issue a Bill for Collection to recover all unexpended contract funds advanced to the Crow Tribe. To date, this office has not received a copy of the Bill for Collection, but will be forwarded when received.

3. Determine what legal recourse is available to recover those payments made to individuals who did not have a demonstrated need for receiving assistance under the drought programs. This determination should consider repayments from the specific individuals and/or restitution by the contractors responsible for administering the programs.

Response: The Bureau will request the Solicitor's advice on the legal resources available in this matter.

4. Identify and take appropriate administrative personnel actions against the BIA officials and employees responsible for the lack of effective oversight and control over the drought assistance programs.

Response: While we do not have investigative staff within the Bureau to review the audit or provide exact cost estimates, it is our opinion that administrative remedies against Bureau officials will not prove cost effective. Therefore, we do not feel that this identification of employees is a proper use of scarce resources especially in light of the fact that this program was initiated 4 - 6 years ago and the employee so identified will in all likelihood no longer be Bureau employees. We prefer to direct our energies and limited resources to ensure that such things do not happen in the future.

5. Require, for any future grazing land deferral or emergency feed programs, that the following safeguards be implemented before the disbursement of any program funds.

Response: The four safeguards identified in A - D are basic elements of good contracting procedures. The procedures are presently used and will be used in the future.

CHEYENNE RIVER SIOUX DROUGHT PROGRAM

Senator McClure. Does that also apply to the Cheyenne River Sioux Tribe which was awarded a cost-reimbursable contract for a grazing deferral program that was not initiated until the 1979 grazing season 2 years after the drought?

Mr. Stevens. Sir, the legislation wasn't enacted until 1978. The drought year was 1976–77, so all of these payments were made after the drought, after the drought year had completely passed. The emergency feed provision of that program was simply to cover feed that was not available. The excess feed program that's usually available to Indian ranchers was not available that year because there was no excess feed. What we're looking at is that the whole program was a look-back program.

Senator McClure. Does the grazing deferral program designed to meet a drought condition that doesn't take effect until 2 years after the drought have anything to do with the problem that the drought created?

Mr. Stevens. Sir, you realize, in grazing, the effect of the drought is not just that year. Sometimes it takes place for many years.

Senator McClure. Sometimes it doesn't.

Mr. Stevens. Sometimes it doesn't.

Senator McClure. Sometimes it's 1 year in its effect, or 2 years at the most—the year in question and the year following the drought. If there wasn't any deferral in the year of the drought or the year following, it's a little late, 2 years later.

Mr. Stevens. Sir, I think the best response that we can give on these particular issues is the response that we made to the IG, and we will furnish that.

Senator McClure. If you will do that. I want to just state for the record that we're concerned about it. I'll give that and a couple of other examples in questions.

In this Cheyenne River Sioux case, program participants received payments based on 12 months, when the actual grazing reduction was required only for 5 months. That continued for 2 years. We understand that the contract was canceled last July, but that the tribe has furnished a liquidation voucher in the amount of $115,000. Does the Bureau intend to pay the tribe an additional $115,000 in support of a contract which, according to the Inspector General, should never have been awarded in the first place? Again, I assume you are in disagreement with the IG on that question.

Mr. Stevens. The $22,000 is the amount that is in question, sir, and we are evaluating that to see whether we should recover——

Senator McClure. That was the Northern Cheyenne. I am speaking of the Cheyenne River Sioux, which I understand has a liquidation voucher claim of $115,000. It isn't a question of getting it back; it is a question of whether you are going to pay it.

Mr. Stevens. We canceled their contract, and we recovered $73,000 from the Cheyenne River Sioux.

Senator McClure. Would I infer from the answer you do not intend to pay the additional $115,000?

Mr. Stevens. If that is outstanding, that is true.

Senator McClure. Can you check that and provide an answer for the record?

Mr. Stevens. Yes, sir.

[The information follows:]

Cheyenne River Sioux Drought Assistance Program

The total contract amount was $264,000. The tribe had a letter of credit for the funds and had submitted vouchers for a total of $190,843.09. The voucher for the $115,000 was paid on July 22, 1981. According to Bureau records, it was earned and was appropriate for payment. The contract expired on July 31, 1981. The Bureau has since deobligated and returned to the Treasury the balance of $73,156.91.

OVERLAP OF DEPARTMENT OF AGRICULTURE EMERGENCY FEED PROGRAM

Senator McClure. The Bureau and the Department of Agriculture Stabilization and Conservation Service also operated an emergency supplemental feed program as a result of the drought. For 164 individuals who participated in both programs, invoices were submitted for feed costs totaling $455,257, for which $134,312 was reimbursed by ASCS. These same participants received $990,754 from the BIA. So for a total documented need of $455,257, Federal payments were made in the amount of $1,125,066, which indicates excessive Federal payments of $669,809.

Several individual cases are presented in the report. At the extreme, one individual submitted feed invoices for $684 and received total payments of $15,642, an overpayment of more than 2,000 percent. The Inspector General recommended that the Bureau determine what legal recourse is available to recover payments made to some of these individuals. Has the Bureau made such a determination?

Mr. Stevens. No, sir. What we plan on doing is to continue this disagreement and to clear up the disagreement with the IG. When we are done, we are going to ask the IG, who has the capability of auditing these things in detail, to go back and work with us. We will then at that time pull out the problems in overpayment and take legal means to get the money back.

Senator McClure. I assume that if it is too early to determine what the final result will be with respect to individual overpayments or mistakes, it is also too early to make any evaluation of what the Bureau will do with respect to the identification of individual personnel or employees who are responsible. Is that a fair statement?

Mr. Stevens. Sir, that was one of the things on which we had a disagreement with the IG's Office. We would like to—I think that will be part of our response. I think that will clear the matter up for you.

Senator McClure. Thank you very much.

Again, that is not just a question of looking back for the sake of looking back. There are still some unsolved and unsettled problems with respect to it.

WELFARE GRANTS

An increase of almost $5 million is requested for welfare grants. Taking into consideration that fiscal 1983 will be the first full year when no payments will be made in Alaska, the justification presents a growth in the welfare rolls of approximately 15 percent. In the 14 States where the Bureau operates a general assistance program have you any data on the number of Indians who are supported through the AFDC program rather than the BIA program?

Mr. SMITH. Mr. Chairman, I will have Ted Krenzke answer that specific question.

Senator McCLURE. All right.

Mr. KRENZKE. I am Ted Krenzke, the Director of the Office of Indian Services for the BIA. We keep generally fairly close estimates on the amount of AFDC payments that are made by the States throughout Indian country, and in a general way, over the years the amount that has gone to Indian people for AFDC has been slightly larger than the amount of the Bureau's general assistance program. We would expect that that kind of situation is likely to continue. We can provide you for the record specific information relative to that, but we probably would have to get it from the field.

Senator McCLURE. If you would do so, I would appreciate it. It seems to me that you must have some records at some point indicating what the relationship between the State program——

Mr. KRENZKE. Yes; our social service staff in the field does relate to the State and we pick up that information.

[The information follows:]

STATE PAYMENTS FOR AFDC

The number of Indians living on reservations receiving public assistance in States where the Bureau administers a general assistance program (fiscal years 1980 and 1981) are as follows:

	Fiscal year—	
	1980	1981
Aid to families with dependent children:		
Number of cases	15,052	15,718
Number of persons	44,642	46,814
Supplemental security income:		
Number of cases	9,210	9,306
Number of persons	9,465	9,543

ESTABLISHING STATE NEED STANDARDS

Senator McCLURE. BIA payments vary from State to State depending upon the established State standard of need; is that correct?

Mr. KRENZKE. That is correct.

Senator McCLURE. The State makes the initial determination or sets the initial standard?

Mr. KRENZKE. The State sets the standard under conditions that are laid out in relation to the AFDC program of the Department of Health and Human Services. Standards vary from State to State based on local criteria, but they follow general criteria that is established by the Department of Health and Human Services.

Senator McCLURE. Does the BIA also parallel the amount of State payment?

Mr. KRENZKE. We do not completely parallel the amount of the State payment for the general assistance program. Over the years—and I go back to the 1940's—we have paid the total amount of the State standards, and of the 15 States in which we have had a social services program, over the years there have been about two States, primarily, that have had what is referred to as a ratable reduction. Those States have been the States of Arizona and Mississippi. In recent times, and particularly as a result of—it appears at least in part—the Budget Reconciliation Act and its new applications of social services standards, there are more States that have just recently come in with ratable reductions. Now it appears that there are seven such States that have the so-called ratable reductions. There are about four or five which reduced payments just within the last few months, since the beginning of this fiscal year.

Senator McCLURE. I am a little concerned by it, because it simply may be a shortage of funds in the AFDC program that compels them to do this. They also took the other motivations, such as encouraging people to move off AFDC onto BIA rolls, if they establish a standard of need, which you meet 100 percent and they don't meet 100 percent. Then it would seem to me that the recipient would be encouraged by that action to move away from AFDC to BIA rolls.

Mr. KRENZKE. I think generally throughout Indian country, and I don't think this has changed as a result of it, there is a clear differential between the individuals who are eligible for AFDC and those that are eligible for general assistance. I don't think as a result of this that that will change.

However, in general, during the past year the AFDC standards have tightened up, particularly in relation to unemployed parents. As a result of that, yes, that is one of the factors that we anticipate will cause some increase in the general assistance caseload of the Bureau of Indian Affairs.

However, there are quite a number of additional factors that are also involved here.

Senator McCLURE. I might mention, you mentioned Mississippi case—as one of those very low. That percentage is 42 percent of the standard of need.

Mr. KRENZKE. Yes; that is right. In the case of the State of Mississippi, they only pay the 42-percent rate, as far as the children themselves. They do not pay for the adult parent that is responsible for those children. In terms of the one reservation that we have in Mississippi, the Choctaw Reservation, over this entire period of time the Bureau of Indian Affairs has been assuming the responsibility for the needs of the adults in that situation.

Senator McClure. I have to confess that in my own State it is 55 percent.

Mr. Krenzke. That is relatively recent, sir, in terms of the State of Idaho. It has just been a new phenomenon since last October 1.

Senator McClure. What do you expect will be the result of that? Are you still going to stay with their standard of need, or is the departure by the State from their own certification going to lead you to make some review?

Mr. Krenzke. We are going to have to make a review of that. As I say, this has been a recent phenomenon and we have not made a determination at the present time. In terms of our administration of the fiscal year 1982 program, we are continuing to meet the full State standard as it is being applied.

But I think, because there have been some terrific jumps, like in the State of Idaho where the amount under the State standard has jumped 80 or 90 percent, I think we are going to have to take a second look at it. We will certainly have in mind what is really equitable in relation to the situation in terms of various people, both in the Indian community and the non-Indian community, that are receiving welfare assistance.

However, we also think some things might be happening during this entire appropriation process that by fiscal year 1983 this thing may change back to the way it was previously. But we can't predict that at the present time.

Senator McClure. I am sure there will be some substantial public reaction if there is this kind of disparity in programs. It is easy for somebody to set standards which you then follow, because it doesn't cost them anything to set the standard because they depart from it themselves.

Mr. Krenzke. That is true. I think from the information that I have been given a lot of the States that have done this in recent years, including some of our Indian tribes that are not involved at all, that it was in order to continue to receive a maximum amount of Federal funding. They have been able to do it by this method of increasing the standards.

POTENTIAL SAVINGS IN WELFARE GRANTS

Senator McClure. Based on our calculations, if the Bureau limited its general assistance payments to the percentage of the State standard paid in the five States of Arizona, Nevada, Maine, Mississippi, and Idaho, the savings would amount to over $5 million, which would allow you to provide services to an increased number of people at no additional cost.

Is there any compelling reason why we shouldn't require that the Bureau pay no greater percentage of the State standard than does the individual State?

Mr. Krenzke. Well, we haven't fully calculated this out. I think that we would take issue with those calculations because I think the figures that you are referring to are based on the fact that all people who receive general assistance receive the full amount of standard, and only that amount. In actuality that is not the case. When we figure a welfare client's budget, what happens is we also take into consideration other resources that are available to that client. We reduce the amount of the payment based on the availability of other resources. So we have many situations in which the individual welfare client is not receiving the full amount of the state standard.

Also, the State where the ratable reduction has the largest financial impact is the State of Arizona. It is the only State in the country in which we pay for the custodial care of certain adults. We have approximately 500 adults receiving that care. In those cases we pay over the standard.

So my best guess, and I would stress that at this point it is nothing more than an educated guess, is that it would probably only be about one-half the amount, at most, that would be impacted as a result of these ratable reductions.

Senator McClure. Even though the dollar amount might be in question, you are still going to have a question of the acceptance of the BIA program which pays far higher payments than is paid under State programs.

Mr. Krenzke. That is right. And as I indicated before, I think this is a question that we certainly need to continue to address. As a result of this being brought to our attention, we have started an in-depth look at it. We are trying to come up with what really makes sense as an answer.

I think in times past the way we were dealing with this situation in both Mississippi and Arizona has been eminently fair in relation to the overall situation. In Arizona, particularly, the difference was only about—a difference between about 86 and 100 percent. But what has happened lately have been some really large increases in the State standards.

In some of those we do not have a large caseload, however. Idaho, for instance, we have only a relatively small program. Another thing that we would want to take a look at is that we did have a lawsuit relative to the Bureau payment of assistance back in 1978. At that time, when we tried to apply a ratable reduction because we were short of funds, the court directed us to pay the full standard.

Senator McClure. The courts are increasingly doing that. There is increasingly, on the part of the Congress, a tendency to say if the court wants to pay it, let them pay it. [Laughter.]

We may get around to doing that, some rateable reductions in the courts' amounts.

Mr. Krenzke. I think another thing in relation to the Indian communities out there—and this will vary from place to place, even with the new standards, it can be said that these welfare standards are not generally all that high. I don't think our welfare clients anyplace are basking in luxury, even when we meet the complete State standard. And it may be, in some of the other parts of these States, there may be more resources within the rest of the community than there is within the Indian community, to perhaps provide some supplemental——

Senator McCLURE. I think that is a fair comment, and I think it is something that has to be watched very carefully. When the spread between the State standard and the BIA payment increases, we better start asking ourselves why.

Mr. SMITH. Mr. Chairman, I think we really have to address that issue and take a look at it. It is a large amount in our budget, and I like to look at that as a gage on how successful we are in Indian country. If that figure starts to increase, then I kind of feel that we are not very successful in dealing with some of the issues and some of the problems in Indian country.

I think it is going to be more of an issue, and we have got to address it on a policy basis.

Senator McCLURE. Certainly we are in the midst of a different kind of a budget cycle, and we are going to be making some choices that we haven't made in the past. One of them, I am certain that Congress must address, is this issue that the court found in that instance, that there was an entitlement which gave rise to a cause of action within the court. I think the Congress has to look at that issue as well, and we are going to attempt to do that. I would encourage you to look inside the BIA for answers to these questions, because there are some, and perhaps the States have found a way to take advantage of it. Maybe that is a fair way to say it, too.

Approximately $330,000 was set aside in fiscal 1982 for disaster assistance and $510,250 is to be allocated for this purpose in fiscal 1983. Please provide for the record the actual expenditures from this account for fiscal years 1980 and 1981 and expenditures to date for fiscal 1982. Would you provide that for the record, please?

[The information follows:]

SOCIAL SERVICES EXPENDITURES FOR DISASTER ASSISTANCE

The Bureau's expenditures for disaster assistance in fiscal years 1980, 1981, and 1982 (to date), are as follows:

Fiscal year:	
1980	$512,430
1981	391,914
1982 (to date)	6,415

SOCIAL SERVICES

Senator McCLURE. An additional seven personnel are requested for social services. Why can't these be absorbed through the personnel who were no longer required once the general assistance program in Alaska was terminated?

Mr. KRENZKE. The social services program in Alaska is largely contracted out to the native organizations which administer the programs. The Bureau has only a skeleton social services staff in Alaska to provide for contract administration and technical assistance. So there will be little or no bureau reduction of staff in Alaska.

Senator McCLURE. Please provide for the record a list of employees by location and grade who were employed in the Bureau's social service program in Alaska.

Mr. KRENZKE. In the Juneau area office there are three social worker positions, grades 13, 12, and 11. In the Anchorage agency there are three social worker positions, grades 12, 11, and 11. In the Bethel agency there are two positions, social worker, grade 12, and a social service representative, grade 7. In the Nome agency there is one social service representative position, grade 9.

TRIBAL GOVERNMENT SERVICES

Senator McCLURE. Under tribal government services an additional $1.3 million is requested for area and agency operations based on increased workload. While some modest adjustments to workload are displayed on page 46 for payment roles and appeals, the figures for fiscal years 1981 and 1982 have been revised down by amounts ranging from 30 to 60 percent, compared with the figures presented in the original justifications for those 2 years.

As the estimated workload for fiscal 1983 is only about 60 percent of the workload originally estimated for the current fiscal year, why shouldn't there be a reduction in this account rather than a $1.3 million increase?

Mr. KRENZKE. Mr. Chairman, what happened was that a year ago this matter was brought to the committee's attention here relative to the estimates, particularly in relation to enrollment and enrollment appeal activity. As a result of the action at that time, the Bureau's request for some additional funding for that particular activity was reduced a year ago.

Also, as a result of that action, we went back and internally said that we really had to take a hard look at those statistics and estimates that were being provided. As a result, we've had a renewed effort here during the current fiscal year to truly be on top of these particular statistics. The actual in fiscal year 1981 of 5,713, as I recollect, was about 1,700 above the anticipated amount that we had last year for 1981. I think it was 4,000. Last year we suggested that we would move up to about 11,000 in fiscal year 1982. That was based in large part on some overly optimistic estimates of some truly large judgment awards that indeed had been made by the court of claims.

However, in terms of both our capability to handle them and in terms, I think, of the best possible assessment that we have at the present time, we believe that our backup information that's contained in your fiscal year 1983 justification is the best that we can provide at this time. We do believe that they are accurate and realistic.

Senator McCLURE. Even though you may be moving up from 4,000 to 5,713, if that is the correct——

Mr. KRENZKE. That was the figures for 1981.

Senator McCLURE. Those original estimates were 30 to 60 percent above the original justifications. The original justifications were 30 to 60 percent too high.

Mr. KRENZKE. A year ago.

Senator McCLURE. So, even assuming that you moved up by 1,700, there's still a lot of room, without any increase.

Mr. KRENZKE. For fiscal year 1981, our actual work was above our projections. For fiscal year 1982, we believe that our actual workload—and we're only talking about enrollment appeals here, not the total workload of that activity—that we were below it.

Senator MCCLURE. I'll review our figures, and we'll perhaps submit a further question for the record on that.

LAW ENFORCEMENT

Under the law enforcement, an increase of $800,000 is requested to employ over 350 tribal law enforcement and detention officers who were terminated by the elimination of CETA funding. The request provides an average cost per person of only $2,200.

What is the source of funds to pay the remainder of the salaries for these 350 positions?

Mr. KRENZKE. Sir, that is a misstatement in our justification that we need to apologize to you for. In the editing process, we had attempted to get in there—to employ "some of the" 350 tribal law enforcement and detention officers that were terminated by elimination of CETA funding. We had done a study last fall which went out to all of Indian country in order to obtain statistics on what would be the impact on tribal government in terms of the CETA cutbacks in public service employment. That study showed that there would be 350 people laid off.

The process that resulted in the $1.75 million increase is primarily as a result of the increases in the so-called 638 pay cost and in the tribal priority system. It is indeed true that the tribes will use some of this increase to pick up additional positions, but not the 350 that is indicated there.

Senator MCCLURE. Are there any increased future costs for these positions that are not reflected in this budget?

Mr. KRENZKE. No.

Senator MCCLURE. They are all there somewhere in one of the items or the other?

Mr. KRENZKE. Are you talking about the increase now?

Senator MCCLURE. Yes.

Mr. KRENZKE. Yes; most of those increases will be contracted programs. The budget shows an increase of eight positions. I think as far as the Bureau of Indian Affairs is concerned, as a result of, again, as I pointed out, this process of the tribal priority system, that essentially there would be an increase of eight positions in Bureau programs. However most of the law enforcement program services are contracted out to tribes. Those tribal positions do not reflect in the Bureau budget statistics here. There are additional positions that they will add under these contracts. But that will all be included. There's no hidden agenda there, so to speak, as a result of the requested increase.

Senator MCCLURE. But wherever the requested increase is going to be covered by contracts, that contract cost is reflected in the current budget so far as its Federal obligation?

Mr. KRENZKE. That's correct.

Senator McCLURE. Are there any other areas in the Bureau's budget where funds will be used to employ those who had been funded under CETA or public service employment?

Mr. KRENZKE. No other program has specific funds included to hire displaced CETA or public service employees. A few such employees may be provided employment under Bureau programs if they have the qualifications required for any vacant Bureau positions.

SELF-DETERMINATION SERVICES—CONTRACT SUPPORT

Senator McCLURE. Turning to the self-determination services, why has the Bureau not complied with the recommendation of the Inspector General that contract support funds be merged with program funds?

Mr. KRENZKE. Mr. Chairman, this has been an item that has been under intensive study. The reason that it has not been accomplished to date has been for basically two reasons. The first is related to the fact that internally we had some uncertainties whether that was the best way to approach it. The second reason is that there was some considerable tribal opposition to this proposal.

We, however, have been in the midst of a total reanalysis of problems which we admittedly have in respect to the administration of the contract support funds. And as a result of that, I am personally convinced—I have discussed this with Mr. Smith and Mr. Fritz—that such a merger is the way to go. We are now essentially on a timetable that will put us in that direction.

There is an oversight hearing in relation to this specific subject scheduled the 1st of April before the Senate Select Committee. I believe that our testimony at that time will reflect this.

In terms of the internal reanalysis of this whole situation—and it's a fairly complex issue—we did, last week, have a session with some of the key tribal people throughout the country, their attorneys and accountants, the IG's Office, and the various responsible portions of the Bureau organization. With that group at least there was a consensus that, yes, by all means, this is the way to go.

The problem, however, with it—and it's going to be important that it be approached properly—is to assure that there's going to be equity in terms of the various tribes as a result of this process. This is one of the things that the tribes are very concerned about.

Up to the present time, this money has been distributed to them on the basis of the Inspector General's audit, which determined an indirect cost rate. If we use this other approach of merging these funds, we also believe that we will, by and large, be getting away from this indirect cost rate and a different means of making the computation. We just want to make sure that when that happens it's going to be equitable to the various tribes that are involved in it.

Senator McCLURE. Mr. Fritz, I see you nodding your head. Did you want to make any further comments?

Mr. FRITZ. We're still going to end up having to have some contract support funds to meet the required needs, for example, of new 638 contracts, relocation of Bureau employees, and that sort of thing. So we're not going to get totally away from this, even moving to this new system. But I think it's a step in the right direction, and we're working closely with the tribes.

Senator McCLURE. We will review the testimony of that oversight hearing as well and perhaps have further questions at a later date.

We discovered several months ago that contract support for certain education programs was being funded from education administration funds rather than from the contract support line. Are there other instances where the tribal overhead costs are being funded from a source other than from the contract support line?

Mr. KRENZKE. Tribes do have the option of utilizing program funds to cover administrative program costs. The tribes may also decide to use their own tribal funds for this purpose. In cooperation with a tribe, the Bureau has in some cases, reallocated grant or other program funds to offset contract support funding shortfalls. In some cases, too, it is necessary for the tribal contractor to adjust their operating costs to stay within the total available funds.

Senator McCLURE. When there is a shortfall in contract support funds, how do the tribes pay their overhead costs?

Mr. KRENZKE. The tribes have several options open to them in order to offset such administrative cost shortfalls. A first option is for the tribe to adjust its operating costs to stay within the available contract support funding provided to the tribe. A tribe also has the option to use program funds to cover contract support shortfalls. To the extent possible, the Bureau, in cooperation with tribes, has reallocated grant or other program funds to alleviate contract support shortfalls. Tribes also may use their own funds or resources.

SELF-DETERMINATION GRANTS

Senator McCLURE. Under self-determination grants, $15,000 is justified to cover additional salary costs of tribal contractors. The program is a grant program. Why are contract costs included?

Mr. KRENZKE. Mr. Chairman, the only explanation that I can give to that is the fact that frequently in the Bureau there is an interchange of the terminology that is sometimes carelessly approached between contracts and grants. In each instance, money flows to the tribes relative to it. It also could conceivably be that there might have been an isolated instance or two where a grant went to a tribe and they might have had a subcontract out of that grant to a tribal organization within the tribe.

Senator McCLURE. Would you provide additional information on that particular justification so we can see how that did arise?

Mr. KRENZKE. We will provide that for the record.

Senator McCLURE. Thank you.

[The information follows:]

638 PAY COST ASSOCIATED WITH SELF-DETERMINATION SERVICES

The $15,000 amount requested for 638 pay costs included under self-determination grants was requested by the Juneau area. Our information indicates that the funds relate to tribal employees of technical assistance contracts and grants entered into on a continuing basis with certain village groups. Perhaps a more appropriate request would have been to include the amount under training and technical assistance.

SELF-DETERMINATION GRANTS

Senator MCCLURE. The purposes of self-determination grants are to improve tribal capabilities in the areas of bookkeeping, accounting, and financial management; $19.4 million is requested for that effort.

Under training and technical assistance, $2.1 million is requested for training of tribal staff in such areas as personnel, bookkeeping, and property management.

When you have a $19 million grant program, why are these additional funds required for essentially the same function?

Mr. KRENZKE. Mr. Chairman, the reason for that is the fact that the money in grants is money that has been authorized by the Congress to go to the tribes in general for the reasons that you indicated, namely to improve their financial and managerial capabilities in order that they can contract for Federal programs and also, generally, that they can have better managed tribal governments.

The reason for the training and the technical assistance funds that are included in this budget—and it might be indicated that these have been decreasing rather significantly in recent years, including in this budget—is that Public Law 93-638 also mandates certain actions in relation to training and technical assistance by the Bureau of Indian Affairs.

So, this money for training and technical assistance is to provide funding to take care of the Bureau of Indian Affairs mandate, as opposed to the grant money that goes to the tribes for more discretionary uses.

Senator MCCLURE. Do I understand you to indicate that that's for the training and technical assistance of the BIA personnel?

Mr. KRENZKE. Some of it could be for the training of BIA personnel. But, no, that is not the primary purpose of it. Most of the funds used there are for technical assistance, not for the training of BIA staff as it exists at the present time.

The Bureau of Indian Affairs, at several points in the contracting process, is required to provide technical assistance. For instance, in the application process, if a tribe comes in with a proposed contract and this does not meet the minimum requirements for approval, then at that point in time the Bureau is required to provide technical assistance to that tribe.

Furthermore, if a tribe is not meeting the conditions of a contract and it's in danger of cancellation, then, under Public Law 93-368, the onus is on the Bureau to provide the technical assistance in order to help overcome the problem.

So, the Public Law 93-638 grants are not primarily for the benefit of the Bureau, it's for the advantage of the tribes. But the responsibility is on the Bureau of Indian Affairs to provide the technical assistance.

Senator McClure. Can you tell me now or provide for the record the breakout between the two purposes as I——

Mr. Krenzke. Between training and technical assistance?

Senator McClure. Between that which is technical assistance to the tribes and that which is to provide the BIA staff support that is necessary.

Mr. Krenzke. We will do that.

[The information follows:]

Training and Technical Assistance Funds

The breakdown of training and technical assistance funds usage has been estimated for fiscal year 1983 as follows: $975,000 for Bureau staff support and $1,147,000 for training and technical assistance. It should be noted that the Bureau staff support is available to provide training and technical assistance directly to tribal contractors on an as needed basis as is required by Public Law 93–638, and only a small portion would be used for the training of Bureau personnel. The Bureau staff support represented here also provides the program administration for the Public Law 93–638 grants and the contract support funds, as well as the processing of Public Law 93–638 tribal appeals, and provides the policy direction for program implementation under Public Law 93–638.

BIA TECHNICAL ASSISTANCE VERSUS GRANT PROGRAM

Senator McClure. One may not be an overlap, but it looks like the other is an overlap of the grant program. Is there provision in the grant program for reimbursement to BIA for the expenses that come of this interrelationship where there is a grant?

Mr. Krenzke. No; there is not.

Senator McClure. Should there be?

Mr. Sampsel. No; Mr. Chairman, if I might speak to that for a second.

Senator McClure. Surely.

Mr. Sampsel. In the grant program you can have a grant in which the tribe comes in and says, "We would like to have a grant to design a financial management system, to design a personnel system which not only meets the requirements of doing business with the Bureau but also helps set up a total tribal personnel system," and in doing so that grant is accomplishing that specific purpose. However, they may request technical assistance to assist them in a particular program such as working with the personnel office of the tribe, providing technical assistance on how you handle leave payments, what you do with insurance, how you are going to work out a total tribal program.

Now that may be a spot type of assistance. You may go in with somebody to help them for a week or two. The total grant may be operating over the course of the year to develop the framework or to update or to change a financial management system or to assist them in a new bookkeeping or to transfer from a manual system to an automated system.

So I see the grant program as being specifically for the tribe, in terms of its improving its overall management. The training and technical assistance program is specific. And I think the act is very clear that it is a responsibility of the Bureau to provide technical assistance to the tribe on an as-needed basis as it relates to their other grant and contracting activity. So I would not think it would be appropriate to us to have a charge-back system, nor do I think when we get the detail laid out in relationship to the two programs that you will see that duplication appears because of the use of common words.

Senator McCLURE. If you will provide that, I will appreciate it.

[The information follows:]

DIFFERENCE BETWEEN SELF-DETERMINATION GRANTS AND TECHNICAL ASSISTANCE FUNDING

Technical assistance funds are identified on an as-needed basis for specific training and/or assistance needs, for example training for contract administration/compliance. Public Law 93–638 grant funds are annually designated to tribes on a budgeted basis for ongoing needs such as planning and development of tribal capacity-building projects.

The use of Public Law 93–638 funds, through a grant process, offers a variety of options for tribal capacity-building to tribes for such projects which improve a tribe's capacity to contract for Federal programs and strengthen tribal government, especially managerial capability. For example, tribes use grants to develop and install systems for procurement, property management, recordkeeping, budgeting, financial management, personnel, planning and related tribal administrative activities. The tribes have the option to undertake projects which enhance a tribe's capacity to direct Bureau and other Federal programs serving tribes by improving tribal capability to plan, design, monitor, and evaluate such programs to better meet the tribe's needs.

Training and technical assistance activities provided for in Public Law 93–638 are intended primarily to fund activities of the Bureau to assist tribes in their successful exercise of specific self-determination options. It is a critical element of the positive framework which encourages tribal initiative and assists them in overcoming technical difficulties involved in initiating and operating programs under contract. In other words, these activities augment and supplement tribal capacity-building grant programs by involving both tribal policy officials as well as tribal management and program staff. This means that newly-elected tribal council members may receive orientation in tribal options and responsibilities under Public Law 93–638, while individual tribal administrators may receive technical assistance in meeting particular management problems. Individual tribal staff members may receive training related to their job such as bookkeeping, personnel, and other functions.

As it is a primary Bureau effort to encourage the orientation and specialized training of tribal leaders and administrators, as well as to assist the tribes in overcoming contract performance difficulties, training, and technical assistance is basically provided by Bureau staff involved in the implementation of Public Law 93–638. The training of Bureau staff has been primarily concerned with orientation in the philosophy and intent of Public Law 93–638. This is intended to foster an understanding and appreciation of the Federal policy which encourages tribes to participate in the implementation of Federal programs intended for their benefit, and the responsibility of Bureau staff to insure that tribes are given every opportunity to exercise options available to them. Accordingly Bureau staff concerned with contracts and grants administration and Bureau staff concerned with contracts and grants administration and Bureau program staff concerned with tribal program operation, are provided orientation and training in these matters.

SELF-DETERMINATION GRANTS TRAINING

Senator McCLURE. From fiscal 1976 through fiscal 1982, approximately $120 million in self-determination grants will have been made to the tribes. Last year the Bureau estimated there were a total of 6,500 tribal contract employees. If we assume that 25 percent of these employees are involved in grant and contract administration and require training, and further assume that there is an annual turnover rate of 25 percent, then over the course of this program we will have spent $29,550 per administrative employee for training. This estimate is probably on the low side, since it's based on an annual level of 6,500 total contract employees, when, in fact, there were far fewer in 1976 than there are now.

Do you agree with these figures?

Mr. KRENZKE. Basically, no, sir, I do not agree with them.

Senator McCLURE. All right, what figures would you use then?

Mr. KRENZKE. Well, the fact of the matter is that under section 104(a) of Public Law 93–638, the grant authority is pretty broad, in terms of what tribes might use this money for, and it is——

Senator McCLURE. Are you trying to tell me that it hasn't been used for the training of these personnel?

Mr. KRENZKE. I'm saying only a small portion of it has. It's been used for quite a wide variety of additional aspects relating to the strengthening and the improvement of tribal government and for strengthening the tribes' capabilities to contract effectively for Bureau programs.

Mr. SAMPSEL. Mr. Chairman, let me jump in again on this one. There is no easy way to say that a lot of that money didn't accomplish what it set out to do, but that's what happened.

Senator McCLURE. That's what I was worried about.

Mr. SAMPSEL. The figures that you speak to, address the fact that in many cases—if you look as all three of us have been doing this over the course of the last few months—what hasn't been accomplished in the Bureau of Indian Affairs, one is the strengthening of tribal government. The management systems that have been designed and redesigned have not in many cases done the job. Now the question is—and I want to speak directly to where I think your question is leading, is can we assure that the funds that are going out under the new system be put in such a way that they will, in fact, have an impact on the strengthening and the better management of tribal government. The answer is yes, I think we can.

I would like to brag on my boss for a moment.

Senator McCLURE. That's always a very good idea. [Laughter.]

Mr. SAMPSEL. Secretary Smith has had a reputation of running one of the best-organized and managed tribes in the United States, Warm Springs.

Senator McCLURE. I'm aware of that reputation.

TRIBAL MANAGEMENT SYSTEMS

Mr. SAMPSEL. I think his experience in terms of the management of this particular program is going to make a change in the output and the outcome over the course of the next couple of years. Let me give a couple of examples for the record, because they're out, and we might as well talk about them.

One of the IG reports we just received recently on the management situation that exists with the Crow Tribe indicates that over the period of time from about 1976 until 1981, $1 million was spent in designing a management system for the Crow Tribe. There's no question that that system has not been implemented. So while the system has been designed and is in place, this is just an example of the type of operation that exists. What we have done in that particular case is we have taken a very strong action by indicating that a tribal manager, who is a Bureau employee, acts as a comptroller there for the administration of Federal funds. We have basically told the Tribe that he is going to have to stay in place until they can start implementing the system that's been designed for the management of that particular reservation.

So the misgivings about the figures that you were using, is that I don't think that we can associate them with employees and training of employees as much as it was in the early stages, during a lot of systems development. Some of those systems were developed and changed as the result of the growth in the tribal government. It went from a relatively small contracting base to a larger contracting base, and as the employees begin to increase in number for the Tribe, moved from a manual payroll system to an automated payroll system.

So you have some costs that are duplicative but have accomplished the job. But in many cases, they have not produced the results that they were designed to produce. The grant moneys that went out did not necessarily mean that just because the system was developed, it was, in fact, utilized.

High turnover of personnel has been a factor and, I think, a lack of demand for accountability on the part of the Bureau and of other Federal agencies doing business in Indian country. They have not demanded that the accountability be there, based upon a good personnel system, management system, and a financial accounting system.

Senator McClure. You know, Mr. Sampsel, I appreciate that comment. I'm aware of Secretary Smith's background and his reputation, and I appreciate your mentioning that for the record again. It's not only good for you to do so, it's good for him to do so. I think it's not bad for all of us to remind ourselves where there is competence, and it ought to be recognized. Again, I don't want to look back just for the sake of assigning blame for failure but rather to try to find out why it failed, so we don't do it again.

I think you and I know it isn't just in the design of systems. A lot of that money has been purely wasted. A lot of that money has gone to pay people who are not competent to do the job that they were being paid to do, and nobody cared. Nobody cared that the money was being wasted, because the money wasn't theirs. The money belonged to the Federal Government; it belonged to Uncle Sam. If they could get a little of that money and spread it around their friends and relatives, fine, and nobody cared that that was happening. Isn't that a fact?

Mr. Sampsel. I can't speak to the magnitude of it, but I can certainly verify that that did exist.

Senator McClure. It did, and I'm sorry to say it, because that doesn't help in the long run. It hurts in the long run. A few people get a little bit more money in the short run, but the reputation of the BIA, the reputation of the Federal Government efforts suffered as a result of that. And so a few people benefit in the short run, and a lot of people are hurt in the long run.

Over the past 3 years, how many contracts has the Bureau cancelled with tribes due to lack of contractor performance or capability?

Mr. SAMPSEL. I don't know that we have that information, Mr. Chairman.

Senator MCCLURE. Will you provide it for the record?

Mr. SAMPSEL. Yes.

[The information follows:]

CONTRACT CANCELLATIONS

Over the past 3 years, the Bureau has cancelled eight separate contracts due to lack of contractor performance or capability. We also have suspended, for varying periods, nine different tribal contracts. In addition, there have been a number of cases in which the Bureau has suspended a tribe's letter of credit until necessary corrections had been made in the tribe's financial accounting and reporting procedures.

IMPLEMENTING RECOMMENDATIONS FOR CONTRACTING IMPROVEMENTS

Senator MCCLURE. In September 1981, the GAO issued a report entitled "Still No Progress in Implementing Controls Over Contracts and Grants With Indians."

You're shaking your head. You've seen the report?

Mr. SAMPSEL. Yes, sir.

Senator MCCLURE. The word "Still" refers to the fact that the GAO issued a report in 1978 on this same problem and little or no action has been take in most areas to implement the recommendations for improvements that were suggested at that time.

Of 175 contracts that were reviewed by GAO, 141 of them were awarded with a starting date which preceded the award date by periods of up to 11 months.

What action has the Bureau taken in this area?

Mr. SAMPSEL. Mr. Chairman, I related earlier in response to the question relating the drought, I mentioned this GAO report, that we had implemented a number of provisions that I believe would address this issue. For the specific outlining of that program, I would like to ask that Mr. Dick Balsiger, who is acting as the Director of Administration, provide that information for the record at this time.

Dick?

Mr. BALSIGER. Mr. Chairman, Senator, the Bureau takes some issue with the statements in the report; however, we agree that what is outlined needs to be corrected, and we have taken action to make those corrections.

As Mr. Sampsel referred to in his earlier statement, we have placed the responsibility for the action on contracts and grants with the line officer at the lowest level. In addition to that, we have placed in his job performance requirements on which he is rated. Whether he gets an increase or salary or doesn't share in whatever increase might be available, depends on how well he performs in relationship to that particular job of seeing that the administrative forces of that responsibility are being carried out.

Senator McClure. Mr. Balsiger, you have a distinguished reputation as a lawyer and a judge. You have experience in the BIA in the past, and I respect all of that. I am sure that you're going to try to do better than has been done in the past in the BIA, but one of the areas that I specifically addressed was that of contracts being awarded, in effect, retroactively for up to 11 months.

Do you disagree with GAO in that?

Mr. Balsiger. I don't disagree with GAO's recommendation on that or their findings, but, sir, that has been corrected.

Senator McClure. That was a fact?

Mr. Balsiger. That was a fact and it has been corrected.

Senator McClure. It isn't going to happen again?

Mr. Balsiger. Not if we can help it. [Laughter.]

Senator McClure. I assume you can help it.

Mr. Balsiger. I can assure you, sir, that we have set a system in place to keep it from happening again.

Senator McClure. Again, we each have accountability for our past actions, and I think we ought to take a look at who did that, why, and who benefited, and was there, a matter of fact, criminal wrongdoing in any of those instances.

Mr. Balsiger. I'm familiar with some of the instances in which that happened. I have read the various reports from the Inspector General; I have been responsible for assisting in responding to some of them. In no place in the reports that I have seen has there been any indication of criminal activity on the part of a Bureau employee or the tribe.

Senator McClure. You know, it may well be, but if there's a big red flag that goes up in my mind when you start awarding a contract for things that happened in the past that were not contracted for and were not owed for, but they were paid for. Now if that isn't the opportunity for graft and corruption, I never saw an opportunity. If it is not a sign of that kind of practice, then the sign posts are not very accurate.

Mr. Balsiger. In many cases, Senator, it was a matter of paper flow in relationship to the contract, the application for the contract was received. Contracting specialists with over 200 contracts, which to handle on a individual basis got behind, and that's where the majority of those——

Senator McClure. What you're really telling me, then, is that there's the word of mouth contract that the paperwork catches up with later. Now that's a violation of Federal contracting law.

Mr. Balsiger. That's a violation of the law.

Senator McClure. You can't tell me it's not, and I don't think you're trying to. It may be explainable, but it's not excusable.

Mr. Balsiger. I'm not embellishing on the things in the past. As Mr. Sampsel previously stated, Mr. Smith has taken action, more forceful action than this Bureau has ever taken in giving directions to the area directors and its field personnel. One of the things that the field personnel feel is that because of this direction that they feel more comfortable in dealing with their clients, because they feel they're going to be supported where they take an action that may be unpopular with the tribe.

Senator McClure. Mr. Smith?

Mr. Smith. Mr. Chairman, I have been on both sides of the fence here, and I, when I was on the other side of the fence as a tribal manager, probably had some contracts approved after the fact.

Senator McClure. You have a conflict of interest. [Laughter.]

I say it with a smile. I want the record to record the smile.

PAST LACK OF CONTRACTING STAFF

Mr. Smith. But like he indicated, I don't think the Bureau was equipped to really handle the magnitude of the number of contracts that they have to deal with. They weren't equipped to deal with it. We've had contracts that we submitted, say, on an ongoing program that sat in the area office for 4 or 5 months. Finally, we just had to get in our car and drive down there and get the thing straightened out, so we'd have a legitimate program and a contract. So I could see how that does happen.

I think the Bureau has been lax in following up on contracts, on monitoring contracts. I was really disappointed to see those two reports. I don't think we've made a lot of progress yet, but I think that's one of our major items that we're going to get to. We have got to be accountable, but more important, I think tribes have to be accountable, and I think that's the key. That's both of our faults. I think it's tribal government's fault and our fault, the BIA.

Senator McClure. I don't mean to be vindictive or mean at all, but one of the ways in which you assure accountability is to have swift and sure punishment, if standards are violated.

Mr. Smith. I agree.

Senator McClure. Standards have been violated. If I understand this, we're now going to say, "Well, gosh, that really wasn't too bad. We won't do it again." It's a little like saying to the thief who has managed to make a living in stealing for the last 20 years, that he has now been caught, and if he'll promise not to do it again, there will be no punishment. The result of that is, of course, that a lot of people don't really believe you mean it.

I don't know how you establish credibility in a new administration, as indeed you must, that you intend to do what you say you are going to do, if at the same time, the past actions that were wrong that everybody admits were wrong, that in some cases were violations of the law, are simply passed over by saying, "Well, that's the way it was done, and we're not going to do anything more about it." I think the retroactive enforcement of laws can be just as unjust as the enactment of ex post facto laws, and I don't mean to get into that area at all, but I am concerned with some widespread maladministration that borders on the illegal and goes beyond just the incompetent. I have a series of things that were uncovered by either GAO or IG that you're aware of, you read the reports, I've read the reports, the public has seen some of those reports. They have not surely read them in detail, but the record of failure of administration of tens of thousands, hundreds of thousands, millions of dollars is there for everyone to see.

The Indians are the people who are the losers in the long run in that process. The credibility of the programs in the Congress of the United States is suffering as a result of it, and it's going to be more difficult to get adequate appropriations to do the job that needs to be done, when the Congress can so easily look at the waste of money in the past. They'll going to say, "Why should we believe it won't be wasted again?" The job that we have of trying to balance the equities in a budget are made extremely difficult, when one side of that equation will be, why should we put money into something that's obviously a failure and a waste? And I have to look at some of these matters of contract administration, whether or not you have implemented the idea of establishing criteria for contract performance.

The GAO said it hasn't been done. There's no way to judge whether somebody has performed a contract, because no criteria were established.

How in the world can we get by with that any longer?

CONTRACT PERFORMANCE MEASUREMENT

Mr. BALSINGER. Senator, we have established a system in which the requirements of the contract and the program of the contract are measurable, which was a criticism of the GAO report.

We have now required the program officer who is responsible for that particular 638 program to sign off. He, for example as the specialist, social worker or the land operation officer says that the statement of work is proper and does have a measurable program. We have done this in relation to grants also.

We have just established an oversight function on all contracts over $250,000 and grants over $50,000 in the central office. Once the grant or the contract is awarded, it is sent into the central office for review. If changes need to be made, we will so direct the contract or grants officer.

So, we are moving along as rapidly as we possibly can to get the job done.

Now, one other thing, in the new reorganization that Mr. Smith recommended, we have plans to place under the regional director—not under the contracting officer, but under the regional director—a contract and grants oversight group so that the regional director can be assured that there is a separate entity looking at the contracts and grants that he is responsible for.

Senator MCCLURE. Somehow, we have to establish clearly in the minds of everyone within and outside the program, that there is a sharp departure from past practice.

Would you agree with that, Mr. Smith?

Mr. SMITH. I agree.

Senator MCCLURE. How do we do that?

Mr. SMITH. Well, first of all, I think we have got to start managing this Bureau of Indian Affairs. I don't think it's been managed for a long time.

Senator McClure. One example, in September 1980, the Navajo Tribe had drawn a total of over $16 million over a 5-year period, for which no expense vouchers had been submitted. That is just almost beyond description. When something like that happens, how do you convince people that as a matter of fact it isn't going to happen again.

If, as a matter of fact, all we do is say we are going to change and there is no evidence of any responsibility for past actions, how are we going to convince people that a year from now, or 2 years from now we won't be looking at a new BIA Administrator, a new Secretary saying, "Gosh, things were bad in the past, we are going to have to change them."

I've been here long enough to have heard some other people sitting down at your table saying, "Gosh, things were bad in the past, we are going to change them." And, you know, the Indian people don't believe that. The BIA reputation suffers among the Indian people worse than it does anywheres else in this country. They are the recipients of the benefits of good administration.

I know you are dedicated to it. I don't mean to belabor the point except to say somehow you and we together, have to be credible in telling people that what has happened in the past cannot happen in the future. And part of that has to be a following through on GAO reports and IG reports—not defensively to try to prove they are wrong, although of course certainly they ought to be shown to be wrong where they are overstated or misstated—but from the standpoint of making certain that we can establish credibility with everybody that's involved that indeed these practices are not going to be permitted, that there will be accountability, that there will be responsibility, that there will be reward for good administration and that there will be penalties for maladministration.

The reward/punishment system does work, but it only works when it is implemented.

Thank you very, very much. I appreciate your testimony. Good luck to you.

ADDITIONAL COMMITTEE QUESTIONS

The questions I mentioned before will be submitted for response.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Tribal Government Services

Question: Which tribes chose to reduce their funds allocated for the Agriculture Extension and for the Community Fire protection programs?

Answer: The following tribe/agency locations indicate a change in their priorities by requesting less funding in FY 1983 for the program(s):

AMOUNT OF FY 1983 REDUCTION (Amount in $000)

	Agriculture Extension	Community Fire Protection
Aberdeen Area Office	$ 33.4	
Winnebago Agency	17.2	
Anadarko Agency	40.9	
Fort Belknap Agency	8.4	.6
Wind River Agency	16.6	
Juneau Area Office	71.0	
Bethel Agency	45.3	38.0
Anchorage Agency		20.0
Tanana Chiefs	11.1	
Nome Agency	18.3	
Minnesota Agency		2.8
Muskogee Area Office	68.0	
Okmulgee Agency	.3	
Southern Pueblo Agency	23.7	
Laguna Agency		2.8
Northern Pueblos Agency		4.7
Jicarilla Agency	15.0	1.1
Navajo Area Office	79.6	
Colorado River Agency	6.2	
Fort Apache Agency	17.3	
Pima Agency		30.0
Western Nevada Agency		13.0
Eastern Nevada Agency	8.9	3.7
Colville Agency	15.2	
Fort Hall Agency		4.1
Nez Perce	17.5	
Southern California Agency		23.6
Mississippi Choctaw	21.5	

Question: How many new tribes have been recognized so far in fiscal 1982?

Answer: A proposed finding was published on March 12, 1982 to recognize the Death Valley Timbi-Sha Shoshone Band of California. Their recognition will probably become final at the end of September 1982 or soon after.

A proposed finding to decline to acknowledge the Munsee-Thames River Delaware of Colorado was published in the Federal Register on March 12, 1982.

Question: How much has been spent for these tribes out of the current appropriation?

Answer: Bureau staff has been working with officials of the Tunica-Biloxi Tribe on a needs assessment to determine their proper funding level for FY 1982. The Death Valley Timbi-Sha Shoshone have not yet received final recognition so they are not expected to participate in the New Tribes funding in FY 1982. Therefore, none of the FY 1982 New Tribes funding has been allocated at this time. These two groups have not received any other Bureau funding out of the current appropriations for FY 1982.

Question: Please provide for the record a list of all tribes which have petitioned for federal recognition and the current status of their petitions.

Answer: The list follows:

STATUS OF DOCUMENTED PETITIONS

Petitioner	Status
Tunica-Biloxi Indian Tribe Petitioned 1826	Final determination for acknowledgment effective 9/25/81.
Grand Traverse Band of Ottawa & Chippewa Indians Petitioned 5/5/35	Final determination for acknowledgment effective 5/27/80.
Principal Creek Indian Nation, East of the Mississippi Petitioned 11/9/71 (Florala)	Documents received 11/7/79; obvious deficiency letter 5/16/80; supplementary material received 3/30/81; awaiting active consideration.
Lower Muskogee Creek Tribe - East of the Mississippi, Inc. Petitioned 3/2/72 (Cairo)	Final determination against acknowledgment effective 12/21/81. Group plans to repetition.
Creeks East of the Mississippi Petitioned 3/21/73 (Molino)	Considered as part of Lower Muskogee Creek petition which was denied acknowledgment effective 12/21/81; Federal Register notice in surnaming process to clarify status of group and confirm that group could not be acknowledged as a tribe either as part of Lower Muskogee Creek or as separate entity.
Snohomish Tribe of Indians Petitioned 3/3/75	Documents received 12/3/79; active consideration 1/7/81, extended to 7/7/82.
Creek Nation East of the Mississippi (Poarch) Petitioned 5/15/75	Documents received 1/14/80; obvious deficiency letter 6/24/80; supplementary material received 1/29/81; awaiting active consideration.
Samish Tribe of Indians Petitioned 6/13/75	Documents received 10/12/79; additional documentation 9/30/80; active consideration 10/22/80, extended to 4/27/82; genealogical selection letter 2/8/82, awaiting response.
Jamestown Clallam Tribe of Indians Petitioned 1/22/76	Final determination for acknowledgment effective 2/10/81.
Snoqualmie Indian Tribe Petitioned 2/5/76	Documents received 4/7/80; obvious deficiency letter 2/19/81; awaiting response.
Georgia Tribe of Eastern Cherokees, Inc. Petitioned 1/9/79	Documents received 2/5/80; obvious deficiency letter 8/22/80; awaiting response.
Death Valley Timbi-Sha Shoshone Band Petitioned 4/26/79	Documents received 10/3/79; active consideration 11/5/79; proposed findings for acknowledgment published 3/12/82; comments and rebuttals will be received to 7/12/82.
Tchinouk Indians Petitioned 5/16/79	Documents received 2/27/80; obvious deficiency letter 2/26/81; partial responses 3/24/81 and 4/29/81; additional review letter 2/22/82.

Petitioner	Status
Delawares of Idaho Petitioned 6/14/79	Documents received 6/14/79; obvious deficiency letter 9/24/79; awaiting response.
Narragansett Indian Tribe Petitioned 10/22/79	Documents received 10/22/79; active consideration 2/4/80, extended due to insufficient membership information; proposed findings in draft.
Chinook Indian Tribe, Inc. Petitioned 7/23/79	Documents received 6/12/81; obvious deficiency letter awaiting signature.
Traditional Kickapoo	Requested 1/14/81 by the Office of the Assistant Secretary--Indian Affairs to investigate the situation and report on status of group. Detailed study completed. Report submitted 9/14/81, option papers 12/9/81 and 1/26/82. Group is no longer active petitioner, but will seek clarification of status on basis of being a band of the recognized Oklahoma Kickapoo Tribe.
Munsee Thames River Delaware Petitioned 7/22/77	Active consideration 4/10/81; proposed findings against acknowledgment published 3/12/82; comments and rebuttals will be received to 7/12/82.

UNACKNOWLEDGED AMERICAN INDIAN GROUPS

PETITIONERS

State	Indian Group	Location
ALABAMA		
	Cherokees of Jackson County, Ala. Mr. H.L. Martin	2749 Cherokee Road Birmingham, Alabama 35216
	Creek Nation East of the Mississippi Mr. Eddie L. Tullis	Star Route B, Box 604 Atmore, Alabama 36502
	Principal Creek Indian Nation East of the Mississippi Mr. Arthur R. Turner	P.O. Box 201 Florala, Alabama 36442
	(Tuscola United Cherokee Tribe of Florida & Alabama, Inc.)	See Florida
ALASKA		
	Tsimshian Tribal Council Miss Victoria Lindsey	1067 Woodland Avenue Ketchikan, Alaska 99901
ARIZONA		
	San Juan Southern Paiute Miss Evelyn James	Box 2656 Tuba City, Arizona 86045
CALIFORNIA		
	Antelope Valley Indian Community Mr. Wesley Dick	P.O. Box 35 Coleville, California 96107

Death Valley Timbi-Sha Shoshone Band Death Valley Indian Community Miss Pauline Esteves	P.O. Box 108 Death Valley, California 92328
Ione Band Mrs. Bernice Villa	Route 1 Box 191 Ione, California 95640
Kern Valley Indian Community Miss Patti Wermuth	General Delivery Weldon, California 92383
Mono Lake Indian Community Mr. William J. Anderson	P.O. Box 237 Lee Vining, California 93541
Plumas County Indians, Inc. Mr. John R. Lewis	P.O. Box 833 - 206 Main Street Greenville, California 95947
United Lumbee Nation of North Carolina & America Miss Eva Silva Star Reed	P.O. Box 911 Exeter, California 93221

COLORADO

Munsee Thames River Delaware Mr. William Lee Little Soldier	P.O. Box 584 Manitou Springs, Colorado 80911

CONNECTICUT

Eastern Pequot Indians of Connecticut Mr. Roy Sebastian Lantern Hill Reservation	RFD 7 Box 941 Ledyard, Connecticut 06339
Mashantucket (Western) Pequot Indians Mr. Richard A. Hayward	P.O. Box 160 Ledyard, Connecticut 06339
Mohegan Indian Group Mr. John E. Hamilton c/o Mr. Jerome M. Griner	47 N. Main Street West Hartford, Connecticut 06107
Schaghticoke Indian Tribe Mr. Maurice T. Lydem	P. O. Box 67 Kent, Connecticut 06757

DELAWARE

Nanticoke Indian Association Mr. Kenneth S. Clark	Route 1 Box 107 A Millsboro, Delaware 19966

FLORIDA

Creeks East of the Mississippi Mr. John Wesley Thomley (petitioning as part of Lower Muscogee Tribe East of the Mississippi, Inc., Georgia)	P.O. Box 123 Molino, Florida 32577
Florida Tribe of Eastern Creek Indians Mr. James E. Waite	P.O. Box 462 Pensacola, Florida 32592
Tuscola United Cherokee Tribe of Florida & Alabama, Inc.	P.O. Box 5 Geneva, Florida 32732

GEORGIA

Cherokee Indians of Georgia, Inc. Mr. J. C. White Cloud Reynolds	1516-14th Avenue Columbus, Georgia 31901
Georgia Tribe of Eastern Cherokees, Inc. Mr. Thomas B. Mote	Route 3 Dahlonega, Georgia 30533
Lower Creek Muscogee Tribe, East of the Mississippi, Inc. Mr. Neal McCormick	Route # 1, Tama Reservation Cairo, Georgia 31728
Southeastern Cherokee Confederacy, Inc. Mr. W.R. Jackson	Route 1, Box 111 Leesburg, Georgia 31763

IDAHO

Delawares of Idaho, Inc.
Mr. Arthur Albert Creech
3677 North Maple Grove Road
Boise, Idaho 83704

KANSAS

Delaware-Muncie
Mr. Clio Caleb Church
Box 274
Pomona, Kansas 66076

LOUISIANA

Choctaw-Apache Indians
Mr. Raymond L. Ebarb
Route 1, Box 168
Noble, Louisiana 71462

Clifton-Choctaw Indians
Mr. Amos Tyler
Route 1, Box 51-A
Mora, Louisiana 71455

Jena Band of Choctaw Indians
Mr. Clyde Jackson
P.O. Box 212
Trout, Louisiana 71371

Tunica-Biloxi Indian Tribe
Mr. Earl J. Barbry, Sr.
P.O. Box 2182
Mansura, Louisiana 71350

United Houma Nation, Inc.
Mr. Kirby Verret
Box 100-A, Coast Guard Avenue
Dulac, Louisiana 70353

MARYLAND

Piscataway-Conoy Indians Inc.
Mr. Hugh Proctor
General Delivery Box 946
Waldorf, Maryland 20601

MASSACHUSETTS

Mashpee Wampanoag
Route 130
Mashpee, Massachusetts 02649

Nipmuc Tribal Council
Miss Zara Cisco Brough
Hassanamisco Reservation
Grafton, Massachusetts 01519

Wampanoag Tribal Council of Gay Head
Mrs. Gladys Widdiss
State Road
Gay Head, Massachusetts 02535

MICHIGAN

Consolidated Bahweting Ojibwas & Mackinac Tribe
Mr. Mike Wright
P.O. Box 697
Sault St. Marie, Michigan 49783

Grand Traverse Band of Ottawa-Chippewas
Miss Ardith E. Harris
(Federally acknowledged 5/27/80)
P.O. Box 37
Suttons Bay, Michigan 49682

Huron Potawatomi Band
Mr. David Mackety
Route # 1
Fulton, Michigan 48505

Lac Vieux Desert
Mr. John McGeshick
P.O. Box 118
Watersmeet, Michigan 49969

Potawatomi Indians of Ind. & Michigan
Mr. Joseph Winchester
R. R. 6, Box 526
Dowagiac, Michigan 49047

Potawatomi Indian Nation, Inc. aka Pokagon
Mr. Philip V. Alexis
P. O. Box 718
De Witt, Michigan 48820

MINNESOTA

Kah-Bay-Kah-Nong (Warroad Chippewa) Tribal Council
Mr. James Boucha
Box 336
Warroad, Minnesota 56763

MONTANA

Little Shell Tribe of Chippewa Indians of Montana
Mr. George Plummer
Star Route P.O. Box 21
Dodson, Montana 59524

NEW JERSEY

Ramapaugh Mountain Indians, Inc. Mr. Otto Mann, Jr.	40 Malcolm Road Mahwah, New Jersey 07430

NEW MEXICO

San Juan de Guadalupe Tiwa Mr. Charles Madrid	559 W. Brown Road Las Cruces, New Mexico 88001

NEW YORK

Shinnecock Tribe	P.O. Box 59 Southampton, New York 11968

NORTH CAROLINA

Cherokee Indians of Robeson & Adjoining Counties Mr. Herbert Locklear	P.O. Box 25 Shannon, North Carolina 28386
Faircloth Indians Mr. Jerry Lee Faircloth, Sr.	P.O. Box 161 Atlantic, North Carolina 28511
Coharie Intra-Tribal Council, Inc. Mr. Romie G. Simmons	Route 3, Box 356-B Clinton, North Carolina 28328
Haliwa - Saponi Indian Tribe, Inc. Mr. W.R. Richardson	P.O. Box 66 Hollister, North Carolina 27844
Hattadare Indian Nation Mr. James N. Lowery, D.D.	Bunnlevel, North Carolina 28323
Hatteras Tuscarora Indians Mr. Vermon Locklear	Route 3, Box 47A Maxton, North Carolina 28364
Lumbee Regional Development Association, Inc. Mr. Roderick Locklear	P.O. Box 68 Pembroke, North Carolina 28372

NORTH DAKOTA

Little Shell Band of North Dakota	Dunseith, North Dakota 58329

OHIO

Allegheney Indian Nation Mr. Sam Kennedy	2239 Mahoning Road Canton, Ohio 44705
North Eastern U.S. Miami Intertribal Council. Mr. Frank E. Sanchez, Sr.	1010 Bryson Street Youngstown, Ohio 44505
Shawnee Nation United Remnant Band Tukemas	P.O. Box 609 Xenia, Ohio 45385

OREGON

Coos Tribe of Indians Mr. Russell Anderson	Box 3506 Coos Bay, Oregon 97420
Cow Creek Band of Umpqua Indians Miss Sue Crispen Shaffer	Box 456 Canyonville, Oregon 97417
Tchinouk Indians Miss Karleen F. McKenzie	5621 Altamont Drive Klamath Falls, Oregon 97601

RHODE ISLAND

Narragansett Indian Tribe Mr. George Watson	RFD 2 Charlestown, Rhode Island 02818

SOUTH CAROLINA

Four Hole Indian Organization - Edisto Tribal Council Mr. Robert Davidson	Route 3 Box 42 F Ridgeville, South Carolina 29472
Santee Tribe, White Oak Indian Community	Holly Hill, South Carolina 29221

TEXAS

Traditional Kickapoo Tribe Texas Indian Commission c/o Raul Garza	1011 Alston Livingston, Texas 77351

VERMONT

St. Francis/Sokoki Band of Abenakis of Vermont Mr. Homer St. Frances	Swanton, Vermont 05488

VIRGINIA

United Rappahannock Tribe Mr. Allan Winston	Indian Neck, Virginia 23077
Upper Mattaponi Tribal Association Mr. Andrew Adams	Box 12-A St. Stephens Church, Virgina 23148

WASHINGTON

Chinook Indian Tribe, Inc. Mr. Donald E. Mechals	P.O. Box 228 Chinook, Washington 97614
Cowlitz Tribe of Indians Mr. Joseph E. Cloquet	2815 Dale Lane, East Tacoma, Washington 98424
Duwamish Indian Tribe	15614 First Avenue, S. Seattle, Washington 98148
Jamestown Clallam Tribe of Indians Mr. Ron Allen, Chairman	Route 5 Box 687 Port Angeles, Washington 98392
Samish Tribe of Indians Mr. Ken Hansen	P.O. Box 217 Anacortes, Washington 98221
Snohomish Tribe of Indians Mr. William Matheson	P.O. Box 247 Snohomish, Washington 98290
Snoqualmie Indian Tribe Mr. Robert Comenout	P.O. Box 662 Issaquah, Washington 98027
Steilacoom Tribe Mrs. Joan Ortez	2212 A Street Tacoma, Washington 98402

WISCONSIN

Brotherton Indians of Wisconsin Mrs. Anna H. Jacobs	Box 298-A - Route I Bowler, Wisconsin 54416

Housing

Question: The Housing program is proposed to be decreased by almost $7 million which would provide 270 fewer new homes in fiscal 1983 than in the current year and 1,520 fewer rehabilitations. On the next page, however, the justification states that 15 more new homes and 90 more rehabilitations will be provided. How can you say that there's an increase when the figures on the preceeding page show a substantial decrease?

Answer: The cited increased number of units (15 new homes, 90 rehabilitations) is based on an increase over the amount in the FY 1982 budget justification for only that portion of the Housing program set by tribal priorities, which would exclude the Congressional add-ons made in FY 1982. These add-ons are not continued into FY 1983.

Question: Indian housing funds which were appropriated to the Department of Housing and Urban Development are presently proposed for rescission and it is generally agreed that HUD's proposed voucher system is unworkable on reservations. Does the decrease in your budget, coupled with those proposed for HUD, signal the end of the Administration's support for Indian housing?

Answer: No. The Administration supports an Indian housing program as a necessary and most important element in the economic and social conditions and health of the Indian people. However, the present program has several drawbacks, not the least of which is that it is costly and complicated. We are reviewing the present efforts with a view towards proposing a better program.

Question: Legislation has been proposed to provide the Bureau with expanded authority in the area of housing. Are you familiar with the proposal and, if so, has the Bureau taken a position on it?

Answer: We are familiar with the proposal, but we have not as yet taken a position.

Question: Please have someone review the legislation when it is introduced and provide a statement for the record of the Bureau's capability to implement the proposed program in fiscal year 1983 and the additional positions and funds which would be required.

Answer: We will review the legislation when it is introduced and will submit a capability statement, including positions and funds which would be required to implement the program.

GAO Report

Question: GAO also stated that BIA in many cases did not include adequate criteria for measuring tribal performance in contract or grant agreements. In fact, 34 instances were found where no criteria at all for performance were included. What action has been taken to set performance standards for all grants and contracts and then to monitor and evaluate the tribe's performance?

Answer: By memorandum of September 1, 1981 the Assistant Secretary directed the inclusion of specific criteria against which to measure performance in contracts and grants. Further, the program person responsible for monitoring the instrument was directed to (1) review the instrument, (2) clarify all issues that could create monitoring problems, and (3) prepare and sign a certification that the work statements had been reviewed and contained sufficient information to monitor performance. The program person was also required to prepare a monitoring plan setting forth how monitoring would be accomplished.

By memorandum of October 23, 1981 a quarterly report was instituted to serve as a check on the progress being made to implement the September 1, 1981 memorandum.

Finally, by memorandum of March 16, 1982 the Areas were directed to send all contract work statements over $250,000 and all grant work statements over $50,000 to the Central Office for review. After these are reviewed and commented on, the dollar value of those to be reviewed will be progressively decreased to include virtually all of the contracts and grants.

Question: How many contracts will be audited this year and what is the dollar value of those contracts?

Answer: It is not possible to answer this question at this time. Attachment P to OMB Circular A-102 requires that each recipient of Federal funds be audited at least once every two years and encourages annual audits. This is, however, a recent requirement and one that makes it impossible to estimate the number of audits that will be performed this year as the audits are performed by private firms under contract to the recipients.

Question: Between 1975 and the time of the GAO investigation not one contract from the Navajo Area office had been audited. Is it fair to say that during this period contracts under the jurisdiction of the Navajo Area office totaled several hundred million dollars?

Answer: Yes. Contracts totalling several hundred million dollars were under the jurisdiction of the Navajo Area Office and the Bureau made requests for audits during that timeframe.

Question: In September, 1980 the Navajo tribe had drawn a total of over $16 million over a five year period for which no expense vouchers had been submitted. What is the current status of the outstanding balance due on the Navajo's letter of credit withdrawals?

Answer: This balance has been reduced to approximately $8 million. A complete reconciliation report to the Central Office is expected in May, 1982.

Question: An Inspector General's report on the Billings Area Office found that 8 of 10 tribes whose letter of credit were reviewed had not submitted expense vouchers for 40% or more of the amounts withdrawn. What action has been taken in the Billings area?

Answer: An active campaign has been mounted by the Area on this problem with the result that the balance has been reduced by some 30% since January, 1982. We expect the remainder will be cleared by August, 1982.

Question: The Inspector General audited 50 BIA contracts and grants with the Rosebud Sioux tribe totaling more than $9 million. It reported that the tribe's primary method of obtaining working capital was to transfer funds between programs. It found over 2,300 transfers involving over $22 million. The transfers were by verbal requests to the bank to move funds from one of more than 45 accounts to another, by government checks intended for one program being deposited into another program's account. What action has been taken by the Bureau to ensure that such abuses are terminated -- specifically with relation to the Rosebud Sioux tribe, and, in general for all grants and contracts?

Answer: For the past 15 months, the Bureau, in cooperation with other affected Federal Agencies and the Tribe, has had a Federal Monitor in place at Rosebud. The functions of the Federal Monitor has been to establish a financial and management plan to preclude such actions as the noted fund transfers between programs. We believe our purpose has been accomplished.

Question: In February, 1980 the Bureau reassumed control of a timber stand improvement program which had been contracted with the Warm Springs tribe. The Bureau advertises for bids, awards the bids and supervises the work. The role of the tribe has been limited to paying the sub-contractors. For this service, the Bureau signed a 15-month contract with the tribe in the amount of $515,000. How can that be justified and was the contract renewed after its expiration last September?

Answer: The Bureau has not reassumed control of the timber stand improvement program that was contracted to the Warm Springs Tribe. The Bureau works with the Tribe as to contents of the contracts; and provides the Tribe with the area to be thinned and the thinning specifications. The Tribe then breaks down the large blocks into smaller blocks for individual tribal member subcontractors. The Tribe supervises the subcontractors and the Bureau in turn spot checks the accomplishments. Any services that the Bureau performs with regard to this contract are technical assistance services required in our role as trustee.

Prior to February 1980, the work was subcontracted by the Tribe to the Warm Springs Forest Products Industries. In February 1980, the Tribe reassumed the contract. We do not know the reason for that action. A new contract was approved this year, with the Tribe, for additional timber stand improvement.

Question: The General Accounting Office made several recommendations with respect to the Bureau's organizational structure aimed at improving contract and grant administration. Have you any plans to implement any of the GAO recommendations to improve the Bureau's performance in this area? The report states that the Department agreed to establish fulltime grant or contract administrators at the agency level. Has this been done and, if so, how many positions at the agency level are currently staffed with full-time grant and contract administrators?

Answer: Although the recommended organizational changes have not been made per se, nor have full time contract or grant administrators been placed at the agencies, the following has been accomplished or is planned:

> New P.L. 93-638 regulations are in final review and should be published shortly for public comment in the Federal Register. The regulations will convert P.L. 93-638 contracts to grants under the authority of the Federal Grant and Cooperative Act (P.L. 95-224). This action will place the signatory and administrative authority with Agency Superintendents requiring them to establish full time P.L. 93-638 administrative positions in the Agency Offices.
> When the above regulations become effective, the oversight function would be established in the Area Office that would report no less than quarterly to its counterpart in the Central Office. We also intend to utilize Bureau staff to perform program and system reviews; design and install accounting systems; provide technical assistance to tribal operating personnel in record keeping, internal control requirements and report preparation; examine tribal records, internal control procedures, and reports to ensure compliance with grant terms and conditions; and the like.

Small Tribes Management Initiative

Question: $5 million is requested to institute a new program entitled "Small Tribes Management Initiative." Participation would be limited to those tribes whose total membership is less than 1,500. There are hundreds of tribes which have received self-determination grants every year since the inception of that program. Do you foresee the same situation here -- that this would be a continuing source of additional funds for small tribes?

Answer: No, the initiative will address a discrete problem area experienced by many small tribes. We expect the program to have a duration of five years which should be ample time to resolve the problems. We should note that the tribes will not receive funds for the full five years but rather that five years will allow all tribes desiring to establish and maintain solid management systems to do so.

Question: Small tribes, by definition, are not going to be able to take advantage of economies of scale when contracting for federal programs. There may also be a problem in finding enough qualified people who are interested in administering federal grants and contracts at this level. It seems likely that the Bureau is embarking on a program whereby through the use of self-determination grants, small tribes initiative funds and contract support money the total overhead costs for these small tribes may well exceed the dollars of the program which they choose to contract. Has any analysis been done which shows the cost to the government of the Bureau's providing direct services to small tribes as opposed to having the tribes contract for the programs?

Answer: No analysis has been conducted to determine the cost to the government of providing direct services to small tribes as opposed to allowing such tribes to contract for the programs. We have concentrated our efforts on the implementation of self-determination legislation consistent with national Indian policy and the provisions of P.L. 93-638. The legislation, as you know does not distinquish between small and large tribes thus we are required to consider all requests by tribes to contract for Bureau programs and services whenever and from whomever received.

Moreover, this initiative is designed to overcome administrative and financial management problems experienced by small tribes whether operating Federally funded programs or those programs funded by their own tribal financial resources. Successful implementation of the program will enable many small tribes to exercise a greater degree of self-determination and move toward self-sufficiency.

Consequently, over the long-term providing capacity-building assistance to small tribes will be less costly to the government. We do agree however that not all small tribes will be able to operate their own programs. This initiative will provide the opportunity to all small tribes making a serious commitment to improving their management systems to do so and thereby allow such tribes to exercise a greater degree of self-determination. We can do no less according to our legislative mandate under P.L. 93-638.

Question: We understand that no Alaskan native groups will be eligible for this program. On what basis was that decision made?

Answer: As we move toward completion of implementation plans for the program, no restrictions for participation in the program based on geographic location have been established.

Question: Last year the Bureau decided to terminate welfare benefits for Alaskan Natives. This year, it is proposed to close all Bureau schools in Alaska. And now, an administrative decision has been made that Alaskans will be ineligible for new Bureau programs. On what legal basis is the Bureau terminating programs for Alaskan natives?

Answer: As indicated above, no determination has been made to exclude Alaska Natives from new Bureau programs. We should note however, that Alaska Native organizations have made very little use of self-determination grant funds to date. It should also be noted that there has been considerable discussion regarding the Federal role for Alaska Natives in view of the Alaska Native Claims Settlement Act of 1971; no determination as yet has been made relative to a proper Federal role in Alaska.

Question: Please provide for the record a list of all tribes which will be eligible for participation in the Small Tribes Management Initiative program.

Answer: The State of Alaska has in excess of 200 incorporated Alaska Native towns and villages. We are presently reviewing 1980 Census data to determine the number of Native Villages with populations of less than 1500. This list will be forwarded to the Committee when completed. The list of other small tribes eligible for the Small Tribes Management Initiative program is as follows:

SMALL TRIBES WITH POPULATION 400-1500 ALASKA EXCLUDED

Aberdeen Area Office

Tribe	State
Flandreau Santee Sioux Tribe	SD
Lower Brule Tribe	SD
Omaha Tribe	NE
Santee Sioux Tribe	NE
Winnebago Tribe	NE

Albuquerque Area Office

Tribe	State
San Ildefonso Pueblo	NM
Cochiti Pueblo	NM
Santa Ana Pueblo	NM
Zia Pueblo	NM
Southern Ute	CO
Ute Mountain Ute Tribe	CO&UT

Anadarko Area Office

Tribe	State
Apache Tribe	OK
Caddo Tribe	OK
Delaware Indian Tribe of Western Oklahoma	OK
Wichita Indian Tribe	OK
Kickapoo Tribe	KS
Prairie Band of Potawatomi	KS
Kaw Indian Tribe	OK
Otoe-Missouri Tribe	OK
Tonkawa Tribe of Indians	OK
Mexican Kickapoo Tribe	OK
Sac & Fox Tribe of Indians	OK
Absentee Shawnee Tribe of Indians	OK

Eastern Area Office

Miccosukee Tribes of Indians of Florida	FL
Seminole Tribe of Florida	FL
Indian Township Passamaquoddy	ME
Pleasant Point Passamaquoddy	ME
Penobscot Reservation	ME
Onondaga Reservation	NY
Tonawanda Reservation	NY
Tuscarora Reservation	NY

Minneapolis Area Office

Sac & Fox of Mississippi	IA
Lac Du Flambeau Band of Lake Superior Chippewa Indians	WI
Red Cliff Band of Lake Superior Chippewa Indians	WI
St. Croix Chippewa Indians	WI
Stockbridge Munsee Community	WI
Bay Mills Indian Community	WI
Grand Traverse	MI
Isabella Reservation	MI
Keeweenaw Bay Indian Community	MI
Fond du Lac Band (Minnesota Chippewas)	MN
Mille Lac Band (Minnesota Chippewas)	MN
Net Lake (Minnesota Chippewa Bois Forte)	MN

Muskogee Area Office

Tribe	State
Seneca Cayuga Nation	OK
Wyandotte	OK

Phoenix Area Office

Fort Mojave Tribe	AZ
Duckvalley Shoshone Paiute	NV
Elko Community	NV
Cocopah Tribe	AZ
Quechan of Ft. Yuma Reservation	AZ
Gila River Community	AZ
Pascua Yaqui Tribe	AZ
Ak-Chin	AZ
Camp Verde Reservation	AZ
Hualapai Tribe	AZ
Fallon Reservation & Colony	NV
Fort McDermitt Reservation	NV
Pyramid Lake Paiute Tribe	NV

Tribe	State
Reno Sparks Indian Colony	NV
Walker River Paiute Tribe	NV
Washoe Tribe	NV
Portland Area Office	
Coeur d'Alene Tribe	ID
Chehalis Reservation	WA
Lower Elwha Community	WA
Skokomish Indian Tribe	WA
Squaxin Island Tribe	WA
Nisqually Indian Community	WA
Nooksack Indian Tribe	WA
Port Gamble Indian Community	WA
Stillaquamish	WA
Swinomish Indian Tribe	WA
Tulalip	WA
Confederated Tribes of Siletz	OR
Makah Indian Tribe	WA
Confederated Tribes of Umatilla	OR
Sacramento Area Office	
Big Pine Band of Owens Valley	CA
Bishop Rancheria	CA
Round Valley Reservation	CA
Tule River Tribe	CA
Karok Tribe	CA
Morongo Band of Mission Indians	CA
Pala Band of Mission Indians	CA
Pechanga Mission Indians	CA
Santa Ysabel Mission Indians	CA
Soboba Band of Mission Indians	CA

SMALL TRIBES WITH POPULATION 0-400 ALASKA EXCLUDED

Tribe	State
Albuquerque Area Office	
Nambe Pueblo	NM
Picuris Pueblo	NM
Pojoaque Pueblo	NM
Tesuque Pueblo	NM
Sandia Pueblo	NM
Anadarko Area Office	
Fort Sill Apache	OK
Iowa Tribe	KA&NE
Sac & Fox Tribe	KA
Iowa Tribe	OK
Eastern Area Office	
Chitimacha Tribe	LA
Coushatta Tribe	LA
Houlton-Maliseet Tribe	ME
Oneida Nation	NY
Cayuga Nation	NY

Minneapolis Area Office	Tribe	State
	Lower Sioux	MN
	Prairie Island Community	MN
	Shakopee Tribe	MN
	Upper Sioux Community	MN
	Forest County Potawatomi	WI
	Mole Lake Reservation	WI
	Hannahville Indian Community	MI
	Grand Portage Reservation	MN
Muskogee Area Office		
	Eastern Shawnee	OK
	Miami Business Committee	OK
	Modoc Tribe	OK
	Ottawa Tribe	OK
	Peoria Tribe of Indians	OK
Phoenix Area Office		
	Battle Mountain Colony	NV
	Duckwater Shoshone Tribe	NV
	Ely Indian Colony	NV
	Confederated Tribes of Goshute	UT&NV
	South Fork Colony	NV
	Chemehuevi Tribe	CA
	Kaibab Band of Paiute	AZ
	Tonto Apache Payson	AZ
	Yavapai-Prescott Community	AZ
	Skull Valley	UT
	Paiute Indian Tribes of Utah	UT
	Las Vegas Tribe of Paiute Indians	NV
	Lovelock Paiute Tribe	NV
	Moapa Band of Paiute Indians	NV
	Winnemucca Colony	NV
	Yerrington Paiute Tribe	NV
	Yomba Shoshone Tribe	NV
Portland Area Office		
	Kootenai Tribe	ID
	Hoh Indian Tribe	WA
	Jamestown Band of Clallam Indians	WA
	Quileute Tribe of Indians	WA
	Shoalwater Bay Indians	WA
	Upper Skagit Indians	WA
	Kalispel Indian Community	WA
Sacramento Area Office		
	Alturis Rancheria	CA
	Benton Paiute Reservation	CA
	Berry Creek Rancheria	CA
	Big Lagoon Reservation	CA
	Big Sandy Association	CA
	Bridgeport Tribe	CA
	Cabazon Band of Mission Indians	CA
	Cedarville Rancheria	CA
	Cold Springs Tribe	CA
	Colusa Rancheria	CA
	Cortina Rancheria	CA
	Coyote Valley Tribe	CA
	Cuyapaipe Band of Mission Indians	CA
	Dry Creek Rancheria	CA
	Elem Colony	CA
	Enterprise Reservation	CA
	Fort Bidwell Community	CA
	Fort Independence Community	CA
	Grindstone Rancheria	CA

Tribe	State
Sacramento Area Office - continued	
Hopland Band Nokomis Association	CA
Inaja-Cosmit Reservation	CA
Jackson Rancheria	CA
La Posta Reservation	CA
Laytonville Rancheria	CA
Lone Pine Rancheria	CA
Lookout Rancheria	CA
Manchester Band of Pomo	CA
Manzanita Reservation	CA
Mesa Grande Reservation	CA
Middletown Rancheria	CA
North Fork Allotment	CA
Robinson Rancheria	CA
Romona Reservation	CA
Rumsey Rancheria	CA
Santa Rosa Mission Indians	CA
Sherwood Valley Rancheria	CA
Stewards Point	CA
Susanville Rancheria	CA
Table Mountain Rancheria	CA
Tuolumne Band of Me-Wuk	CA
Twenty-Nine Palms Reservation	CA
Upper Lake Pomo	CA
Pit River X-L Ranch	CA
Big Bend Rancheria	CA
Table Bluff	CA
Trinidad Cher-ae Heights Indians	CA
Agua Caliente Mission Indians	CA
Barona Groups of Capitan Grand	CA
Cahuilla Mission Indians	CA
Campo Mission Indians	CA
Jamul Tribe	CA
La Jolla Mission Indians	CA
Los Coyotes Mission Indians	CA
Pauma Mission Indians	CA
Rincon, San Luisena Mission Indians	CA
San Manuel Mission Indians	CA
San Pasqual Mission Indians	CA
Santa Rosa Mission Indians	CA
Santa Ynez Mission Indians	CA
Sycuan Mission Indians	CA
Torres-Martinez Mission Indians	CA
Viegas Capitan Grande Indians	CA

Indian Action Teams

Question: $896,000 is requested to close out Indian Action Team contracts. No funds were provided for IAT contracts in fiscal year 1982, so any contracts to be closed are from fiscal 1981. Why should it take two years to close out these contracts?

Answer: Indian Action Team contracts executed in a fiscal year normally have a one-year performance period. But due to delays in contract execution, including contract negotiations and late receipt of appropriations, etc., the contract performance period may extend into the succeeding fiscal year.

The close out of Indian Action Team contracts commenced October 1, 1981 and involves approximately 178 IAT contracts. In addition, there are approximately 25 contracts to be closed from fiscal years 1976 and 1977 as a result of inter-agency agreements. Final close out actions including contract performance completed in FY 1982, final property inventories, disposition of property in accordance with GSA procedures and financial reconciliations will become an Area Office responsibility in FY 1983.

Question: Why are all the funds listed under "other services?" Do you plan to contract for the audits and close out operations?

Answer: Yes, the remaining audits will be accomplished by contract. The costs of transporting, storage and inventorying equipment will also be classified as "other (contractual) services".

Question: The Indian Action program had 26 Bureau staff associated with it. $896,000 is enough to fund 26 positions at an annual rate of more than $34,000 each. Why is it so expensive to close out the contracts?

Answer: Most of the close out costs relate to the inventory, transportation and storage of the equipment expected to be retrieved from former Indian Action contractors. Approximately 213 contract close out actions including disposition of associated property is required which will average approximately $4,200 per contract close out action.

Economic Development Initiatives

Question: $10 million is requested to begin a new program of Economic Development Initiatives. The justification states that while there is basic authority for the Bureau to undertake such a program, legislation will be submitted to Congress for reauthorization of and amendments to the Indian Financing Act to "correct existing deficiencies." Why shouldn't we wait to fund this new program until the legislation has been amended and the new program guidelines are in place?

Answer: Although he has been involved on the tribal side of Indian Affairs nearly all of his adult life, it was not until Mr. Smith became Assistant Secretary - Indian Affairs that he has come to fully appreciate the degree of dependence the tribes have on the Federal Government. This situation has to change and in his opinion steps taken to effect that change must commence as soon as possible. For that reason it is essential that this modest economic development initiative be approved as a part of the FY 1983 budget.

Let us elaborate. He came to the Department of Interior with the commitment, built on the largely successful experiences of resource development he has had with his tribe, the Warm Springs Tribe, to encourage similar development on a broader basis, where appropriate, throughout Indian country. Consequently, one of the first things he has done is to develop an economic strategy for Indian Affairs, which incidentally the Congress has strongly encouraged the Bureau to do for the past several years. The strategy he has developed is based extensively on the premise that Indians must get into the mainstream of the economic life of this country. To do so, we must emphasize encouraging the investment of private capital in the development of tribal resources, with the role of the Federal Government to stimulate and support the development of reservation economies, based on the free enterprise system.

To achieve this objective, we believe, will require a comprehensive approach, as outlined in the strategy we have proposed. This strategy includes efforts to aid tribal governments to develop more stability; requires a better Bureau effort in carrying out its natural resources and trust responsibilities; suggests legislation which may be needed to provide investment incentive to private sources of capital; and recognizes the special nature of Indian tribes and Indian trust land which requires the use of unique approaches to overcome certain built-in constraints to reservation development.

The $10 million economic development initiative is an integral element in this strategy. It will provide grants for "seed" money, which most sources of investment funding. It will also help overcome some of the difficulties associated with the inability to use trust land as loan collateral. It further comes at a time when similar funding, previously available under the Indian Finance Act and through the Economic Development Administration, is no longer present.

In contrast with previus economic development grant programs, this is being designed to specifically require a proportionately greater amount of private investment; will focus on the probable success of a project as a profit making venture; stress competent management; and base objective approvals or disapprovals of the grant applications on recommendations of a review panel of persons from outside the organization.

While we plan to propose the reauthorization of the grant program for individuals under the Indian Finance Act, this will require the submission of a legislative proposal, which without question could not be enacted for use in FY 1983. In the meantime, the Snyder Act, combined with P.L. 93-638, provides the authority needed to initiate this economic development grant program in respect to the development of *tribal* resources. This should be done right away, although we regard the authorization of the grant portion of the Indian Finance Act as also necessary so that the benefit of such grants can be extended to *individual* Indians and their lands as well as to the tribes.

By itself this initiative will admittedly not turn around the troubling economic situation involving high unemployment, low incomes and severe Federal dependency on most reservations. It is, however, a vital part of the overall turn-around necessary for truly meaningful self-determination, which can only come when reservations have thriving and vibrant economies based on the development of their human and natural resources functioning fully in this nation's free enterprise system.

Fisheries

Question: An increase of $281,000 is requested to cover technical assistance and fish for stocking which had previously been provided by the Fish and Wildlife Service (FWS). According to the Fish and Wildlife Service's justification the second highest priority for assistance in management is given to Indian reservation lands. Please submit for the record a list of those facilities where the Fish and Wildlife Service had been providing services which the Bureau will assume in fiscal year 1983.

Answer: The Fish and Wildlife Service has, for many years, provided technical assistance to the BIA and Indian tribes in the management of fishery resources and has provided fish from the National Fish Hatchery system for stocking of waters on Indian reservations.

Recent Congressional directives to the Fish and Wildlife Service have indicated that it is the general intent of Congress that the various Federal land managing agencies should be responsible for funding the management of fish and wildlife resources on the lands under their jurisdiction. The land management agencies are to consider fish and wildlife values and needs along with other land values and uses, and budget for appropriate protection, management, and enhancement of fish and wildlife populations on Federal lands. Accordingly, Congress indicated that the Fish and Wildlife Service should discontinue its practice of providing technical fishery assistance to other agencies unless reimbursed for the cost of that assistance. In adherence to the FY 1981 Congressional directive, the current Fish and Wildlife Service policy is to provide technical fisheries assistance to other agencies, such as the Bureau of Indian Affairs and individual Indian tribes, on a reimbursement basis to the extent manpower allocations permit.

In accordance with this, the Fish and Wildlife Service FY 1983 budget request includes a proposal to terminate funding at 12 of their fishery assistance field stations which provide varying levels of technical assistance to BIA or tribes. The reduction in Indian assistance is targeted toward assistance relating to protection of Indian fishing interests in area affected by court decisions on Indian treaty fishing rights, such as the Klamath River in California, the Boldt/Belloni area in the Pacific northeast, and the Great Lakes.

Also in FY 1983, the Fish and Wildlife Service has proposed to close 31 national fish hatcheries that do not produce fish primarily (more than 50% of production) for anadromous or Great Lakes fisheries, fisheries on Indian Reservations, federal mitigation, or endangered species; or are substandard in terms of facility condition and operational efficiency. Although the hatcheries proposed for closure do not produce fish *primarily* for the above management purposes, a number do produce some fish for stocking on Indian reservations. One hatchery, Williams Creek NFH (Arizona), produces fish solely for stocking on Indian reservations but is proposed for closure because of the relatively poor condition of facilities and the high cost of rehabilitation.

Although these reductions do not directly impact on areas affected by treaty fishing rights, the fishery resources impacted are of vital importance to the Indian tribes both in terms of direct Indian use and the economic benefit to the reservation of the non-Indian recreational fisheries. In light of this, and the overall Congressional intent that agencies budget for fish and wildlife needs on the lands under their jurisdiction, the Bureau feels compelled to respond to tribal resource needs.

The $281,000 will be used to fund three FWS fishery assistance stations and one fish harchery that have been involved almost exclusively in Indian assistance work on a number of reservations. These facilities, and the proposed funding are:

> Gallup (New Mexico) Fisheries Assistance Field Station ($78,000): This station provides fisheries technical assistance to the Jicarilla Apache, Mescalero Apache, Southern Ute, Ute Mountain Ute, Navajo, Hopi, and several Pueblos.
>
> Ashland (Wisconsin) Fisheries Assistance Field Station ($31,000): This station provides fisheries technical assistance to the White Earth, Red Lake, Leech Lake, Nett Lake, Fond du Lac, Menominee, Mille Lacs, Sac and Fox, and several other Indian reservations.
>
> Pinetop (Arizona) Fisheries Assistance Field Station ($71,000): This station provides fisheries technical assistance to the Gila River, Fort McDowell, Papago, San Carlos, and White Mountain Apache Tribes.
>
> Williams Creek (Arizona) Fisheries Assistance Field Station ($101,000): This hatchery is one of only three fresh water hatcheries located on Indian lands in the United States. Fish produced at this hatchery are stocked on Indian reservations in Arizona and New Mexico.

Alaska Lands Act

Question: $1 million 500 thousand dollars is requested for payments to three Alaska Native corporation for expenses incurred in land selection. The authorization ceiling is $2 million, of which $500,000 was appropriated in fiscal year 1982. Will the 1983 request cover all of the audited costs for these three groups?

Answer: The total amount of claims exceeded $2 million. Basic work on the audits of the three claims have just been completed and the information is under review. One corporation has also submitted a supplemental claim which will be addressed after the original audits are complete. We anticipate the $2 million should be sufficient to cover the approved amounts; but until all audit recommendations have made, and any appeals that may be filed are acted upon, we cannot identify the exact amount.

Facilities Operation and Maintenance

Question: Through an extensive inventory of facilities, the Bureau has identified an additional 1,324 buildings containing 1 million, 200 thousand square feet which have now been included in the total inventory. This is an average of just over 900 square feet per building that was added to the list. What type of facilities were these that were discovered through the inventory?

Answer: The following is a list of the types of facilities which were added to the Facilities Inventory:

Auditorium
Dormitory
Fire Station
Garage
Gymnasium and Recreation
House Trailer
Kitchen/Dining Hall
Law Enforcement Center
Library
Multi-Purpose
Office
Other Buildings
Pump House
Quarters
School, Elementary-Boarding/Day
School, Elementary-Boarding
School, Elementary-Day
School, Secondary-Boarding
School, Secondary-Day
Shed
Shop (Except Vocational Shop)
Vocational Shop
Warehouse

Question: $85 million, 381 thousand dollars is requested for facility operation and maintenance. This is an increase of $10 million over the fiscal 1982 appropriations level. When the anticipated savings from the closure of a number of schools and the Office of Technical Assistance and Training is considered, the actual increase is $14 million, 600 thousand dollars, an increase of almost 20% over the current year. In the current fiscal year, $38 million was provided for facility improvement and repair with $45 million requested in fiscal 1983.

As we will have spent over $80 million in 2 years in improvement and repair projects and as the Bureau has reduced its total square footage over the past several years by 1 million, 700 square feet, it seems that we should be able to realize some savings in operation and maintenance costs rather than facing a 20% increase.

Answer: Savings in Operation and Maintenance costs have not been possible due to the effects of inflationary cost increases for utilities and fuel over the past several years. As examples, since FY 1979 electricity costs have increased from a total of $4,850,000 to an estimate of $7,607,000 in FY 1982; fuel oil has increased from $3,579,000 to $8,970,000. The total costs for electricity, fuel oil, natural gas and liquified petroleum gas (LPG) has increased from $11,811,000 to $23,313,000. The FY 1982 estimates are based on our first quarter actual costs which are about 24% higher than the first quarter of FY 1981. In order to meet these increased costs in past years, maintenance levels have been reduced. This leads to further expensive facility deterioration. The FY 1983 request is the first step toward correcting the imbalance in maintenance funding.

Question: Last year an increase of $197,000 was requested and granted for the operation of Havasupai day school, Red Rock day school, Turtle Mountain high school and Torreon Day school. For fiscal 1983, you are requesting an additional $180,000 for exactly these same schools. If the schools have not yet opened, the fund should still be in the base program. Why is this increase again requested?

Answer: The following new schools will be completed and put in operation during part of this fiscal year: Havasupai Day School, Red Rock Day School and Torreon Day School. The required part-year funding was requested as part of the FY 1982 budget. The amount requested in FY 1983 is to provide full-year funding for these schools. Turtle Mountain high school completion will be delayed because of severe winter weather but is expected to be in operation for part of FY 1983.

Question: 45 positions have been funded at Mt. Edgecumbe boarding school just through the O&M account. This is one maintenance position for every 7 students at the school. Do all Bureau schools have such high ratios of O&M staff to students?

Answer: A high ratio of O&M staff to students at any Bureau location is not the factor which determines current funding for the Operation and Maintenance Programs. The distributions are based on the various types and conditions of buildings along with the square footages. The size of physical plant, its operational characteristics and its maintenance needs determines the type and size of O&M staff required. Mt. Edgecumbe facilities staff also provides utilities and other services to other Federal agencies as well as the school site. This fact bears on the staff size required.

Question: A $36,000-a-year gardener is listed on the position breakdown for Mt. Edgecumbe. How can such an expense be justified at any school, and particularly at one where there's snow on the ground for half of the year?

Answer: The boarding school at Mt. Edgecumbe, Alaska, is located in the southern part of the state along the coastal region. The annual snowfall happens to be very little for the entire year. This position is incorrectly titled. The title of Grounds Maintenance Supervisor would be more appropriate and is a job type necessary for many schools. In addition, this job is subject to a 25% cost of living allowance because of its location in Alaska.

Question: The average salary of the O&M positions at Mt. Edgecumbe is almost $35,000. Even subtracting the 25% cost-of-living allowance in Alaska, a comparable salary is $28,000. That seems extremely high for custodial personnel as an average. How often are these positions reviewed and classified?

Answer: The extremely high salaried O&M positions located at Mt. Edgecumbe Boarding School consist of mainly Wage Grade employees. The current scale is set by law by the Federal Wage System. The prevailing rate is subject to the occupational series plus the local geographical index. All positions have to be reviewed and classified during a 3-year cycle; and wage rates are set by an annual survey conducted by Elmendorf Air Force Base.

Administration and Personnel

Question: According to the summary tables, a total of 875 positions are to be cut between fiscal year 1982 and FY 1983. The personnel summary on page 222 shows that all of the reductions are going to be taken in the grades below the level of GS-12. 70% of the reductions are to be taken in grades 7 and below. What is the rationale for this type of distribution?

Answer: In accordance with the budget reductions in FTE ceiling, and certain funding reductions, the Bureau has no alternative but to conduct reductions in force as necessary. These reductions are established in accordance with OPM regulations which takes into consideration the retention rights of an employee. The retention rights considers tenure code, veteran preference, performance status and longevity of an employee. In this case reductions were attributed to lower grade personnel because of the normal "trickle down" effects which occur during a reduction in force. The higher grades bump lower grades but retain their salary for two years. Therefore, on the personnel summary the retained salary employees are displayed as if they were still at their former grade.

Construction

Question: Last year the Bureau originally estimated a carry over balance of $11 million in the construction account. That was later revised upward to $26 million. The fiscal 1983 justification shows a carry over balance from fiscal year 1981 of over $61 million. Why have your estimates been so far off in the construction account?

Answer: The $11 million estimated carryover was a very optimistic projection of anticipated obligations. It projected all of the FY 1981 appropriated B&U Construction projects were to obligated as construction awards during FY 1981. The $26 million revised carryover estimate was based on a later somewhat less optimistic project status report. The actual FY 1981 carryover was in excess of both of the previous estimates.

Question: Are there any projects for which funds were appropriated in fiscal year 1981 on which no money has been spent?

Answer: Yes. Albuquerque Indian School facility improvement ($2,300,000). These funds have been reprogrammed to Laguna Jr. High School and combined with a $3,130,000 FY 1982 appropriation to provide project funds of $5,430,000 as instructed by the FY 1982 Conference action.

	Unobligated Balance as of 9/30/81	Appropriation	FY(s)
Surveys, Design and Reserve	558,233	2,805,000 e/	(81)
Common Program Services	587,423 f/	(696,000)	(79)
Navajo Indian Irrigation Project (Reclamation)	1,874,679	11,480,000	(81)
	$8,861,840		

a/ $17,760,000 appropriated in FY 1982, a portion of which will cover this over obligation.

b/ Includes $900,000 for San Carlos Joint Works and $800,000 for San Carlos Power.

c/ Includes $275,000 for Flathead Irrigation and $300,000 for Flathead Power

d/ Includes balances appropriated for the Blackfeet, Northern Cheyenne, Crow and other projects.

e/ FY 1981 Engineering Supervision--$1,686,000; Survey & Investigations--$1,119,000.

CONSTRUCTION - BUILDINGS AND UTILITIES (1100)

Area/Agency		Unobligated Funds Available as of 9/30/81	Appropriations
Construction - Buildings & Utilities (1100)			
W56-060	San Felipe School	$ 376,236	$ 2,107,000
W56-061	Turtle Mountain School	3,485,125	11,799,000
W56-062	American Horse School	1,312,763	4,565,000
W56-063	Red Rock School	768,456	3,684,000
W56-064	Torreon School	1,687,590	4,914,000
W56-065	St. Stephens School	324,989	4,200,000
W56-120	Sioux Museum	252,037	260,000
W56-126	Rough Rock Elementary School	3,980,000	4,300,000
W56-127	Hopi Jr./Sr. High School	5,206,645	5,720,000
W56-128	Navajo Mountain Elementary School	2,518,267	9,184,000
W56-129	Moencopi Elementary School	1,646,034	1,827,000
W56-130	Bug-O-Nay-Ge-Shig School	3,962,000	4,242,000
W56-138	Tamgas Creek Hatchery III	2,400,000	2,800,000
W56-139	Little Eagle Elementary School	3,687	145,000 a/
W56-140	San Simon Elementary School	173,285	312,000 a/
W56-141	Laguna Junior high School	83,007	264,000 a/
W56-142	Black Mesa School K-12	231,000	231,000 a/
W56-301	Alakanuk School/Replacement	35,321	2,720,600
W56-409	Standing Rock Boarding School/Replacement	595	45,000
W56-415	Jemez School/Replacement	123,498	2,720,000
W56-431	Havasupai School/Replacement	46,641	2,800,000
W56-510	Ft. Totten School/Secondary	2,652,042	14,812,000
W56-516	Little Wound School/Secondary	412,619	6,593,000
W56-566	Chevak School/Replacement	81,433	3,207,390 b/
W56-604	Ft. Thompson Rehabilitation Center	28,753	1,095,000
W56-605	Haskell Indian Junior College/Gym	75,243	3,500,000
W56-611	St. Michael School/Replacement	86,163	2,645,000
W56-619	Standing Rock Boarding School/Secondary	10,434	5,200,000
W56-621	Mt. Edgecumbe (sewage system)	690,037	1,200,000
W56-640	Napakiak School/Replacement	480,378	1,700,000
W56-646	Hickiwan Kingergarten	48	125,000
W56-710	Tuluksak School/Kindergarten	32,705	600,000
W56-711	Chemawa Boarding School/Education Facility	58	10,000,000
W56-802	Cherokee Agency/Administration Building	2,031	400,000
W56-806	Ft. Peck Rehabilitation Center	63,800	700,000
W56-807	Hopi Rehabilitation Center	795,399	2,600,000
W56-808	Kwethluk School/water	7,128	235,000
W56-811	W. Navajo Agency/Administration Building	6,871	2,000,000
W56-812	Quinhagak School/Relocation	11,639	800,000
W56-813	Mt. Edgecumbe/water line	17,519	800,000
W56-902	Chemawa Boarding School/Auditorium	106,944	11,000,000
W56-903	Ft. Hall Agency/Administration Bldg.	11,729	500,000
W56-904	Lower Brule School/Addition - PE	36,495	4,300,000
W56-905	Pine Ridge Rehabilitation Center	25,328	1,200,000

In addition, several other FY 1981 projects were delayed and have had some funds obligated: Rough Rock Middle School ($4,300,000); Hopi Junior/Senior High School ($5,506,645); Moencopi Elementary School ($1,763,597); Bug-O-Nay-Ge-Shig School ($4,242,000); Tamgas Creek Hatchery ($2,400,000).

Question: Please provide for the record a list of all construction projects for which unobligated balances remain, including the amount of the original appropriation and the unobligated balances.

Answer: The list follows:

IRRIGATION CONSTRUCTION

		Unobligated Balance as of 9/30/81	Appropriation	FY(s)
A14-030	Crow Creek	$ 214	35,000	(79)
H51-064	Colorado River Irrigation	44,663	.,702,700	(80)
H51-065	Colorado River Power	1,039,583	1,582,000	(80)
H54-070	Chuichu	4,435	38,000	(80)
H54-072	San Xavier	59,239	80,000	(79/80)
H54-132	Vaiva Vo	1,205	300,000	(80)
H57-059	San Carlos Indian Works	100,729	900,000	(80)
H57-060	Ak Chin	-2,322,123 a/	10,000,000	(81)
H57-133	Gila Crossing	87,793	220,000	(80)
H57-134	Maricopa Colony	71,117	180,000	(80)
H57-145	Gila Reservation Irrigation	3,959	189,000	(79)
H58-068	San Carlos Reservation	198,751	500,000	(80)
H61-088	Fallon (Newlands)	156,452	2,000,000	(81)
H61-090	Pyramid Lake	41,906	500,000	(80)
H61-092	Carson Misc.	6,334	125,000	(80)
H61-161	Washoe Ranch Project	52	171,000	(75)
H63-077	Cocopah	63,133	218,000	(80)
H64-085	Duck Valley	369	675,000	(80)
H64-086	W. Shoshone	361,540	675,000	(80)
H64-135	Goshute	135,794	220,000	(79/80)
H65-136	Kaibab	62,446	125,000	(79)
H68-074	Camp Verde	44,508	84,000	(79/80)
H68-075	Havasupai	1,687	15,000	(80)
J51-146	Big Pine Reservation	125,000	125,000	(78/80)
J51-147	Bishop Reservation	223,000	223,000	(78/80)
J51-148	Ft. Independence Reservation	75,000	75,000	(80)
J51-149	Lone Pine Reservation	150,000	150,000	(78/80)
J52-095	Hoopa Valley	183,801	767,000	(79/80)
J52-170	Resighini	126,950	160,000	(79)
J54-097	Pala	105,242	120,000	(76-78/80)
J54-098	Rincon	155,134	180,000	(74/78)
J54-158	Morongo Reservation	109,159	235,000	(80)
J54-160	Soboba Reservation	124,742	164,000	(64)
M20-107	Jemez	20,358	115,000	(80)
M20-118	Zia	24,648	60,000	(79)
M20-121	Isleta	316,884	330,000	(78-80)
M20-122	Sandia	32	17,645	(73)
M20-124	Santa Ana	4,078	40,000	(80)
M20-453	Southern Pueblos, Miscellaneous	122	17,000	(72)
M25-109	Nambe	5,000	184,000	(79)
M25-111	Picuris	209,933	210,000	(79)
M25-113	San Ildefonso	137,494	541,000	(80)
M25-114	San Juan	311,420	350,000	(78/79)
M25-115	Santa Clara	302	75,000	(78)
M25-116	Taos	3,867	150,000	(79)
M25-117	Tesuque	9,071	100,000	(78)
M40-041	Pine River	137,246	182,681	(75-77, 79/80)
M40-144	Florida	62,500	62,500	(78/79)
M45-042	Ute Mountain (Mancos)	247,000	247,000	(79/80)
M50-043	Jicarilla	202,204	372,500	(79/80)
M60-044	Mescalero	97,624	243,000	(80)
M70-119	Zuni	750,352	1,261,300	(78-80)
P08-003	Toppenish - Simcoe	155	?	(Prior to 77)
P04-005	Ft. Hall - Michaud	1,000	375,000	(77)
San Carlos Project		17,685	1,700,000 b/	(80)
Flathead Project		85,905	575,000 c/	(80)
Flood Damage (Various locations)		1,654,811	2,420,000 d/	(75/76 & 78)

	Area/Agency	Unobligated Funds Available as of 9/30/81	Appropriations
W56-906	Standing Rock Boarding School/Votmus	$ 24,863	$ 3,500,000
W56-914	Loneman School/Replacement	96,685	1,310,000
W56-915	Barrow Reserve	425,982	9,400,000
W56-990	Facility Inventory/Bureau-wide	68,152	8,200,000
W56-993	Energy Conservation	625,868	626,520
Z51-999	Common Program Services	1,245,992 c/	1,483,000 d/
K01-080	School Facilities Staff	439,295	852,000 e/
K56-690	Facilities Engineering Project Management/Technical Assistance	533,700	2,253,000
W01-XXX	Equipment	4,129,729	--- f/
H54-117	Santa Rosa School (Addition	12,558	70,000
E00-150	North Star III Renovation	968,965 g/	3,000,000
E00-814	Mekoryuk Elementary Day School	14,180	560,976 b/
E00-901	Barrow Gas Distribution System	88,610	--- h/
P00-813	Tulalip Fish Hatchery	85,194	1,685,000
N33-019	Tuba City Dorm. Remodeling	839,444	2,000,000
	Corps of Engineers (Barrow Gas Distribution System)	455,525	--- h/
	Office of Secretary (Facilities Construction & Operations Improvement)	1,755,634	--- b/
	Subtotal Buildings and Utilities	$46,062,348	

---

a/ Part of advance design—$952,000.
b/ Reprogrammed from savings in various projects.
c/ $1,200,000 reprogrammed in FY 1982 for the Grass Rope Irrigation Project approved by the Senate and House Subcommittees on the Interior and Related Agencies on April 13 and April 16, 1982, respectively.
d/ Amount designated in FY 1979 from the construction appropriation.
e/ Reprogrammed from savings in equipment.
f/ Unobligated balance includes $2,120,000 set aside by project for equipment from FY 1981 appropriations for construction and equipment; also funds set aside by project from funds appropriated by project and in one account for deferred equipment, appropriated in prior years.
g/ Reserved pending results of OMB required A-76 review.
h/ Part of $9,400,000 appropriation (see W56-915).

FACILITIES IMPROVEMENT AND REPAIR, AND LAND PURCHASE

	Area/Agency	Unobligated Funds Available as of 9/30/81	Appropriations(FY)	
Construction - Facilities, Improvement and Repair (FI&R)				
W56-053	Office of Technical Assistance and Training	$ 113,241	$ 2,300,000	(80)
W56-691/132	Advance Design	1,019,683	3,000,000	(81)
W56-050/133	Construction	718,052	15,500,000	(81)
W56-051/134	Boiler Repair	493,162	1,500,000	(81)
W56-052/135	Emergency Repair	496,785	1,500,000	(81)
W56-131	Albuquerque Indian School (FY 1982 Appropriation Act reappropriated these funds for the Laguna Jr./Sr. High School)	2,300,000	2,300,000	(81)
	Subtotal Facilities, Improvement and Repair	$ 5,140,923		
Land Acquisition Program				
H50-01	Phoenix (Salt River Pima Maricopa)	$ 1,166,955	3,917,000	
	Subtotal Land Acquisition	$ 1,166,955		

Area/Agency	Unobligated Funds Available as of 9/30/81	Appropriations(FY)
Summary by Program:		
Irrigation	$ 8,861,840	
Buildings and Utilities	46,062,348	
Facility Improvement & Repair	5,140,923	
Land Purchase	1,166,955	
TOTAL CONSTRUCTION UNOBLIGATED BALANCE AS OF 9/30/81	$61,232,066	

Facility Improvement and Repair

Question: The justification indicates that the total improvement and repair costs total $400 million with an additional $150 million required for replacement facilities. How much of each of those totals is attributable to the 37 Alaskan schools?

Answer: Of the total estimated $400 million in Bureau-wide Facility Improvement & Repair needs, $56,763,000 is presently indicated for the day school backlog for the Juneau Area. School facility replacement costs for the Juneau Area are estimated at $10,276,500.

Question: Does the Bureau intend to bring any of the Alaska schools up to code prior to transfer to the State of Alaska?

Answer: The BIA is currently working with officials from the State of Alaska relative to the terms of transferring the Bureau schools to State operation. In prior transfers of BIA schools to the State of Alaska, the schools have been transferred on an "as is" basis. Funds have not been requested in the FY 1983 budget for any BIA school construction in the Juneau Area (Alaska). We do not anticipate any funds to be made available to the State of Alaska for purposes of capital improvements. We do, however, intend to complete planned improvements to five schools in FY 1982 valued at $2.4 million. Three of these five projects involve a school scheduled for transfer this year. The work in each project is to include fire and life safety improvements bringing the facilities into compliance with construction codes. These five schools are located in Venetie, Tetlin, Nunapitchuk, Stebbins, and Napaskiak.

Question: $2 million is budgeted to provide access for the handicapped. Are these modifications limited to schools which actually have handicapped students enrolled?

Answer: As the Bureau schedules the updating of specific buildings or locations whose priorities are generated by life safety requirements, improvements and repair relevant to handicapped requirements is concurrently accomplished. Where immediate needs exist at a location necessary to accomodate handicapped students, staff, or similar users, priority scheduling for this activity is provided.

Question: Is the square footage of BIA contract schools included in your facility stock?

Answer: Square footage of previously private contract schools is not included in the BIA facility inventory. Former BIA schools operated under contract are included in the inventory since the title of those facilities is retained by the Bureau.

Question: If not, why not -- the Bureau provides contract schools with repair funds and includes them on the list of required construction projects.

Answer: Funding for operations and maintenance and for facility improvement and repair of previously private contract schools is intended to be a part of the funding formula defined in P.L. 95-561. As such, these facilities are not included in the regular BIA - Facility Improvement & Repair or Operations & Maintenance programs. Pending establishment of a formula which includes O&M funding, we have requested separate funding for previously private schools as directed by Congress.

Hopi High School

Question: $15 million is requested for construction of the academic portion of the Hopi High School. One reprogramming was submitted and later withdrawn having to do with redesign of the school. When can we anticipate receipt of the revised reprogramming request?

Answer: The first reprogramming request has not been withdrawn. However, there have been questions raised as to the cost of construction of the Hopi High School project. Based upon the projected construction cost of the original design, an analysis was made to determine if and how the construction cost could be reduced, while maintaining the needed educational program. Based upon this analysis, it was determined that substantial savings could be made in the project through a major redesign by altering the facility configuration, clustering the housing, reducing site coverage, eliminating items not required and modifying elements which were over-designed. The first reprogramming request was submitted for a redesign effort to reduce the projected project construction cost. Subsequent to this reprogramming, the Chairman of the Hopi Tribe indicated that the Tribe was not in agreement with the design changes proposed in the reprogramming request.

A restatement of the scope of work, design parameters, administrative limitations, and estimate of costs is currently under development in an effort to provide a common basis for understanding and agreement by all parties concerned with the Hopi High School project. A revised reprogramming request will be prepared based upon this restatement of the project requirements.

Question: Please provide for the record an estimate of the timetable for submission of the reprogramming request, advertising for bids on the design contract, award of the contract, actual design work and estimated date for starting construction.

Answer: While an exact date for submission of the revised Hopi reprogramming letter is not yet available, the following outlines the projected schedule of events necessary for the construction contract phases for the Hopi High School project:

- Complete restatement of program and prepare reprogramming correspondence
- Obtain BIA and DOI concurrences
- Coordinate with Hopi representatives
- Obtain OMB concurrence
- Forward second reprogramming request to Congressional Committees
- Receive approval from Committees
- Amend current P.L. 93-638 contract with Hopi Tribe for redesign of project by the firm of Barnes, Landes, Goodman, and Young blood
- A-E start redesign
- Phase I design complete
- Invitation for bids - Phase I
- Bid Opening
- Phase I Construction Contract Award
- Phase II design complete
- Invitation for Bids - Phase II
- Bid Opening
- Phase II Construction Contract Award
- Construction Complete - Phase I
- Construction Complete - Phase II

Question: Included in the cost to complete the school project is $5.2 million for 65 units of staff housing. This is $80,000 per unit which is quite high. It becomes even higher, however, when one considers that the $80,000 per unit does not include grading, utilities, gutters or sidewalks. The utilities alone can be expected to add about $15,000 to the cost of each unit. How can we justify building $100,000 homes for government employees?

Answer: The cost of utilities, grading, gutters, and sidewalks cannot be used in a comparative analysis of housing costs in remote locations since developed communities have these services available at the site. The Hopi Jr./ Sr. High School is in a remote location. Reasonable housing (except utilities, etc.) has been constructed in similar remote locations for an average of $65,000 per unit. Currently this is difficult to achieve. The funding request for the housing for this project is not scheduled until FY 84. Construction costs have been escalating at 12% per year. If the increase averages 10% per year, the $65,000 unit will cost $79,000 in 1984. Every effort will be made to hold the unit cost to the current $65,000 statutory limitation.

Irrigation Systems

Question: We have heard that the Grass Rope Irrigation project has come under bid and that savings might be realized if the Bureau could make additional funds available during fiscal year 1982. What is the status of that project and is the full request of $2.6 million still required in fiscal year 1983?

Answer: We have submitted a reprogramming request to the Committees to use $1.6 million of savings within the Construction account to supplement the amount appropriated in FY 1982 for Grass Rope. The combined amount will permit completion of the major elements of the project at a savings and one year early. We will be submitting a budget amendment for FY 1983 which will reduce the original $2.6 million request to $800,000. This amount will provide $710,000 for the rest of the sprinkler system and $90,000 for roads for the project. In addition, the planned request for FY 1984 will not be needed.

Question: In addition to the projects included in the justification, a budget amendment of almost $30 million is expected for the Ak Chin project pending action to increase the authorization ceiling. Has that legislation been introduced?

Answer: The legislation to increase the budget authority for the Ak Chin Project has not yet been introduced. The legislation is still in the review process.

Question: Is the $80 million estimate still accurate for Ak Chin?

Answer: The draft proposed legislation for the Ak Chin Project contains a total authorization of $86.88 million.

Question: What are the estimated annual operation and maintenance costs associated with Ak Chin which the Bureau will be required to pay?

Answer: Operation and maintenance costs which will have to be paid by the Bureau are currently estimated at $4.5 million per year.

Revolving Fund For Loans

Question: Of the outstanding loans made through the revolving fund, $8.8 million in payments were delinquent last year and $9.8 million is delinquent this year. What action is being taken on these delinquent accounts?

Answer: The $9.8 million in delinquent payments represents loans to Indian Tribes, Indian organizations, Indian individuals, and Alaskan Natives to develop and utilize their own resources for business and economic improvement. Over the history of the program $152.5 million has been loaned, $67.6 million has been repaid, and $3.1 million of principal has been written off. This represents less than 2 percent of total loans.

The Under Secretary has decided that loans be let only where a reasonable possibility for repayment exists and has placed special emphasis on the collection of loans in default before making them the subject for concellation.

Our program has also been affected by the general economic conditions as indicated by the increase in delinquent payments. Of the $9.8 million in delinquent payments, $8.1 million are loans to Indian Tribes and Indian organizations. Once a loan is delinquent, there are six categories into whic it might be classified. These are paying, paid, modification, liquidation, cancellation, and other. The above payments are on 52 loans and are included in the following classifications:

	No.	Amount
Paying	8	$ 62,687
Paid - Current	6	162,663
Modification	14	1,086,031
Liquidation	4	141,881
Candidate for Cancellation	12	4,126,555
Other	8	2,552,538
Total	52	$8,132,355

The modification category means these loans are still active and the terms of agreement will be modified.

The liquidation category means these loans have been declared in default and still have security available for liquidation. Once liquidated, these loans will be recommended for cancellation.

The cancellation category means these loans have no assets remaining to be liquidated and all collection efforts have been exhausted. These loans will be submitted for cancellation and write-off.

The other category includes:

1 Loan for $45,000 - this business is still active and the loan will be brought current.

2 Loans totaling $1,005,541 - these loans were made for cannery operations in Alaska and although there is a possibility for some repayment through settlement, the remainder will probably have to be cancelled.

1 Loan for $237,000 - this loan should be paid when the collateral is sold.

2 Loans totaling $3,329 - follow-up action is necessary. These loans will be eventually paid in full.

2 Loans totaling $1,261,668 - both of these loans are for farming operations. Plans are being formulated which will either modify the loans or liquidation will be necessary.

The remaining $1.7 million are loans to individuals which our agency personnel are working on.

Question: How far behind must the payments be before you consider the loan to be delinquent?

Answer: A loan is delinquent if a payment is not received on or before the day following the date payment was scheduled to be made.

Question: Were any delinquencies resolved last year?

Answer: Yes. A total of 20 loans were paid and brought current or will be modified. An additional 16 involve loans where payments are being made and plans are being worked on and should result in modifications or liquidations.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Question: What will the Juneau Area Office allocation be for FY 83 under the BIA's road construction program? Does this allocation reflect the equitable distribution Congress directed in the 1980 Interior Appropriations Conference Report?

Answer: The FY 1983 allocation is based on distribution of 1/3 of available funds on the basis of service population, 1/3 on trust land area, and 1/3 on miles of BIA system roads. We believe this distribution is equitable, and have received no specific direction for change from the Congress. A summary of the last few years' allocations is as follows:

FY	Total Program Allocation	Juneau Area Allocation
1979	$79,253,000	$2,809,000
1980	66,479,000	2,700,000
1981	48,625,000	1,882,000
1982	47,160,000	1,453,000
1983	43,585,000 (Request)	727,000 (Tentative)*

*Reflects transfer of Annette Island Reservation to Portland Area in BIA reorganization.

Question: In 1975 a road was constructed by the BIA in the Village of Old Harbor, Alaska. A part of the road follows a spit and crosses a waterway that is exposed to intense storm action. Severe storm winds (100 m.p.h.) have recently caused erosion with damage to the large culvert in the waterway. If not repaired it may isolate the residents of Old Harbor from the rest of the community. Since there is a shortage of maintenance funds can construction funds be used to repair this road in Old Harbor? If not, what other recommendations can the Bureau make for repair?

Answer: The storm-damaged road at Old Harbor has been rejected as an emergency project by the Federal Highway Administration, and the repair is ineligible for road construction funds. Further damage could destroy power, communications and water supply for the village, as well as access. There are $30,000 in road maintenance funds available for repair. The cost of repair and protection of the road is estimated at $150,000. The Juneau Area is investigating what program funds may be available to reprogram to the road maintenance program to cover the remaining $120,000 cost.

QUESTIONS SUBMITTED BY SENATOR LAWTON CHILES

Question: I am aware of your present plans to reorganize the Bureau of Indian Affairs. I think there is general agreement that a realignment of the BIA is necessary in order to make it more effective in responding to the needs of the Indian community. I am concerned, however, with one of the changes included in the announced realignment plan. This change involves the elimination of the Eastern Area office which is presently located in Arlington, Virginia. As a result of this move, all Eastern Indian and Southern Indian Tribes that currently rely on this office would have to rely on either a new office office in Oklahoma or an office in Minnesota. This means that there will be no Regional Service Area east of the Mississippi River. I would appreciate the Bureau's comments concerning the equity of this move with respect to the many Eastern Tribes who live east of the Mississippi and who have established a good working relationship with the Arlington Office.

Answer: Reduction of the Bureau's Area Office administrative and operational costs is a principle factor in the proposed realignment of the Bureau's field offices. It is also a major objective of the Bureau to achieve a streamlined organization, better equipped to provide technical assistance and program services in the future. Consolidation of administrative and operational technical assistance at a location outside of the metropolitan Washington Area will not affect the equity of services or working relationships with tribes located in the Southeastern or Northeastern states.

Question: As a follow-up to the last question, the two Indian tribes in Florida, the Seminoles and the Miccosukees, have expressed particular objection to the new consolidation plan because it would require that they report to the Oklahoma Service Area. The Florida Tribes used to report to an Area Office in Oklahoma, and they experienced a number of problems with this office. In general, both the Miccosukees and the Seminoles found that the Oklahoma office was not responsive to their needs. Is the Assistant

Secretary aware of these past problems? What assurances are there that this type of situation won't arise in the new plan?

Answer: During the consultation process, comments were received in regard to previous difficulties reportedly experienced by the Florida tribes when they received services from an office located in Oklahoma. Without commenting specifically on those reports, it should be noted that current procedures used in developing Indian programs, expecially through PL 93-638, PL 95-561, along with budget planning through the Decision Ranking process are designed to insure maximum Indian participation in the operation of Indian programs. Since there are no changes planned in the basic policies guiding the conduct of Indian Affairs, the Bureau does not believe that specific location of the Services Office will have any significant effect on the Florida tribes.

Question: As you probably know, the United South and Eastern Tribes, Inc., of which both the Miccosukee and the Seminole Tribes are a part, have come up with an alternative plan which would retain the Arlington, Va. - Washington Office. It is my understanding that this plan includes a cost analysis, as well as a service analysis, of the merits of keeping this Office. I would appreciate your comments on this plan. Do you intend to give this alternative concept consideration?

Answer: All comments received during the consultation period are being carefully considered. We are interested in the United South and Eastern Tribes, Inc., (USET), suggestions and have agreed to discussion with them on these and other options. Most comments have been favorable to the concept of realigning the Bureau structure for the twin purposes of reducing its administrative and operational cost and the improvement of its service delivery systems. The Bureau is now evaluating the merits of establishing a program management and technical assistance staff to be located in the Southeastern Area in order to assure that timely management and program technical support are readily accessible to Eastern tribes.

Question: When you announced the realignment plan, it was my understanding, as well as the understanding of the Indian tribes, that time would be given to review the proposed plan before any changes would be initiated. I have heard from the Florida Tribes, however, that certain individuals have already been told to report to other centers for training? What is the status of the realignment plan? Are you allowing a time for response or have you already started initiating your plan?

Answer: A planned period for consultation with tribes, members of Congress and other interested parties has been included in our planning. Consultation comments to date are being considered before we make final decision on regional organization designs. There are teams in every region working on these designs--much work must be done by October 1, 1982 to acheive necessary cost targets in FY 1983. Even after the initial intensive consultation period, comment on specific details will be taken into account as the series of decisions are made, since the realignment is necessarily a phased process, from concept-to-plans, to plan approvals by function and region, to implementation.

SUBCOMMITTEE RECESS

Senator McCLURE. The subcommittee will stand in recess until March 18 at 9 a.m., at which time we will receive the fiscal year 1983 budget estimates for conservation activities of the Department of Energy.

Thank you very much.

[Whereupon, at 10:35 a.m., Wednesday, March 17, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, March 18.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, MARCH 18, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9 a.m., in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

DEPARTMENT OF ENERGY

STATEMENT OF JOSEPH J. TRIBBLE, ASSISTANT SECRETARY, CONSERVATION AND RENEWABLE ENERGY

ACCOMPANIED BY:

MAXINE SAVITZ, DEPUTY ASSISTANT SECRETARY FOR CONSERVATION
RICHARD BRANCATO, DEPUTY DIRECTOR, OFFICE OF STATE AND LOCAL ASSISTANCE PROGRAMS

BUDGET REQUEST

Senator MCCLURE. Good morning. This is the time scheduled to review the fiscal year 1983 budget request of the Department of Energy's Energy Conservation Division. This year's request of $21,802,000 represents an 85.1-percent reduction from the fiscal year 1982 new budget authority level of $145,400,000. When the fiscal year 1981 transfer and deferral funds are included, the 1983 budget request represents a 94.4-percent decrease from the actual fiscal year 1982 obligational level of $386,170,000.

Representing the Department this morning will be Joseph J. Tribble, Assistant Secretary for Conservation and Renewable Energy. Mr. Tribble, this is your first appearance before this Interior Subcommittee, and we wish to welcome you. Please introduce those colleagues who will be appearing with you and proceed to highlight your statement as you see fit. It will, of course, appear in full in the record.

Mr. TRIBBLE. Thank you, Mr. Chairman.

I appreciate the opportunity to be here and discuss with you the proposal for appropriation for the Department of Conservation programs. With me today are Dr. Maxine Savitz, Deputy Assistant Secretary for Conservation, and Mr. Richard Brancato, Program Manager for the State and local programs.

I would like to give just a brief opening statement.

Following the oil embargo of 1973 and until 1980, the United States faced a problem which was quite different from those we had faced in the past. Some thought that our sources of energy were being exhausted. We were becoming more and more dependent upon oil imported from the Middle East. While prices charged for this oil were escalating rapidly, most of the prices for domestically produced oil and natural gas were controlled at very low levels. Relatively inexpensive energy, one of the basic building blocks of our economy, was becoming a thing of the past.

Many people felt that this was a problem that the Federal Government could and should resolve, and there were vocal demands for attempts to do so. In response, Congress enacted a legislative program which was designed to force conservation and subsidize the rapid development of energy from renewable sources.

Today the energy situation does not appear as intractable as it appeared when the legislative programs were enacted. Importation of petroleum into the United States is down more than 50 percent from its previous high. The price of imported petroleum is below its high. The price of domestically produced petroleum has been decontrolled, and the price of domestically produced natural gas has been permitted to rise many-fold over the price at which it was controlled in 1972.

Comparing 1972 to 1980, the energy efficiency of the 10 most energy-intensive industries in the United States has improved by 17.6 percent. Comparing 1975 to 1981, the miles per gallon of fuel for new domestically produced automobiles has improved by more than 60 percent. Residential energy consumption per household is down almost 20 percent in 1980 compared to 1972. In every case, the cost of energy has been responsible for the great majority of improvements.

It is therefore entirely appropriate that the role of the Federal Government with respect to energy be reevaluated. Considering every dollar that we spend is a dollar we must borrow at current high rates of interest, and add to the Federal deficit, we have proposed a very lean budget. However, we have tried to continue research which will provide the energy industry with a broader technological base.

PREPARED STATEMENT

Mr. Chairman, this concludes my summary statement. We will be pleased to respond to your questions and questions of others of the committee.

[The statement follows:]

STATEMENT OF JOSEPH J. TRIBBLE

I appreciate this opportunity to appear before you today to discuss the appropriations for the Department's conservation programs. The budget before you today reflects this Administration's commitment to the goals of the Economic Recovery Program, the need to minimize Government intervention in the marketplace, and the need to continue Federal support for research in areas where such support is considered appropriate.

Following the oil embargo of 1973, and until 1980, the United States faced a problem which was quite different from those we had faced in the past. It appeared that our sources of energy were being exhausted. We were becoming more and more dependent upon oil imported from the Middle East. While prices charged for this oil were escalating rapidly, most of the prices for domestically-produced oil and natural gas were controlled at very low levels. Inexpensive energy, one of the basic building blocks of our economy, was becoming a thing of the past.

Many people felt that this was a problem that the Federal Government could and should resolve, and there were vocal demands for attempts to do so. In response, Congress enacted a legislative program which was designed to conserve energy and to promote the development of energy from renewable sources. Since the enactment of this legislation, billions of dollars have been spent on research, development, demonstration and commercialization activities for the purpose of bringing into more widespread use energy from such sources as solar, geothermal, wind, biomass, ocean thermal and alcohol fuels. The technology for using these sources of energy has been advanced to the point where their further development and use can now be implemented by the private sector whenever they become economical.

Today the energy situation is not nearly so critical as it was when these legislative programs were enacted. Importation of petroleum into the United States is down approximately 50 percent from its previous high. The price of imported petroleum is below its high. The price of domestically produced petroleum has been decontrolled and the price of domestically produced natural gas has been permitted to rise many fold over the price at which it was controlled in 1972. Comparing 1972 to 1980, the energy efficiency of the ten most energy-intensive industries in the United States has

BEST COPY AVAILABLE

improved by 17.6 percent. Comparing 1975 to 1981, the miles per gallon of fuel for new domestically-produced automobiles has improved by more than 60 percent. Residential energy consumption per household is down almost 20 percent in 1980 compared to 1972. In every case, the cost of energy has been responsible for the great majority of the improvements.

More remarkably, very little of this very great change in circumstance was predicted by those who urged creation of massive Federal Energy programs. In retrospect, we see that the total effect of all government action has been relatively minor. It is, therefore, entirely appropriate that the role of the Federal Government with respect to energy be re-evaluated.

Rather than continued emphasis on bringing alternate sources of energy into the marketplace through Federal Government subsidy, it is now more appropriate that the Federal program be limited to research of a more basic nature. If some of the remaining unknowns can be removed through research, the private sector will be able to hasten the day when energy from renewable sources will take a more prominent place in our economy.

Let me turn now to the specifics of the FY 1983 budget.

CONSERVATION

In the area of conservation, we will focus on expanding our scientific knowledge base by supporting generic high-risk, long-term, research in selected technological areas. This new focus is reflected in the consolidation of our previous sector-oriented programs into a single Energy Conservation Research Program.

The basic objective of this program is to provide the technology base and technology options that the private sector can utilize in the development of more efficient energy conservation equipment and utilization processes. This program will solidify the technology base used by the private sector in designing the developing processes and equipment in their application to the transportation, buildings and industrial energy-use sectors.

The FY 1983 request for Energy Conservation Research is $17.5 million, which includes $1.7 million for program direction. This request will fund research activities in four research areas: heat transfer and fluid mechanics, materials and processes, thermochemical conversion, electrochemical storage and conversion. Activities in each element focus on research topics having high potential for improving energy use efficiency. The FY 1983 request for Energy Conservation Grants is $4.3 million for program direction.

Heat Transfer and Fluid Mechanics

The request for Heat Transfer and Fluid Mechanics is $3.2 million, which will support technology base activities underlying the design of heat exchangers and fundamental studies of heat loss in structures and industrial equipment. Research will also focus on generic properties of fluids and fluid systems that affect the efficiency of operation of power systems such as advanced heat engines and heat pumps.

In FY 1983, heat exchanger activities will build on earlier efforts that resulted in an integrated, computerized data base and model system for the prediction of flow induced vibration. Research will focus on the modeling mechanism of flow induced vibration in shell-and-tube heat exchangers caused by two-phase (steam/water) flow, and on innovative concepts such as suspended particle and direct contact heat exchanger concepts.

Heat Transfer research activities directed at structures will focus on wall and roof systems, windows and daylighting, computer modeling enhancements and estimating methods.

In wall and roof systems research, data collected from extensive test cell measurement will be used to analyse the effect of temperature set-back, windows and doors, and building mass. Dynamic performance research will complete analyses of moisture migration and condensation, thermal performance, and air/moisture transfer in wall sections using a calibrated hot box at the National Bureau of Standards.

Research on windows and daylighting will work with physical and computational models in order to continue development and cross-validation of predictive illuminance, thermal, and energy consumption models for analysis of geometrically complex window design, sun control systems, and spaces for variable filtering devices. Climatological studies will continue to support the effort on illuminance availability. In the area of performance, studies on mobile daylighting and thermal test cells will be completed. Validation tests in the field will be initiated on natural illumination, net through-fenestration energy flow [illegible] impact.

BEST COPY AVAILABLE

Estimating methods will focus on the greatest common denominator to complete transient heat transfer, fluid flow, and mechanical systems response modeling in the DOE-2 computer simulation program.

Materials and Processes

The major thrust in materials research will be directed toward high temperature structural ceramics. While major advancements have been achieved in shape, fabrication and material strengths of structural ceramics, e.g., advanced gas turbine rotors have been cold spun to 126 percent and 134 percent of design speed with no failure, significant technological advances are needed in order for heat engines to operate more efficiently in severe environments.

Funding of $2.99 million will be directed at advanced materials development and processing, advanced net-shape materials fabrication, and new approaches to assuring structural integrity of advanced materials. Research would also be carried out on evaluation of critical properties of newly developed materials and determination of the interrelationship between newly developed processes, associated microstructure and properties.

Several projects will be devoted to advanced materials development of: high-temperature ceramic/ceramic composites, ceramic matrix/metal fiber reinforced composites, a new family of transformation-toughened ceramics, and new thermal barrier materials. The goal is to develop composites that are low in cost and have low thermal expansion and conductivity coefficients. These materials will be able to withstand high temperatures, have moderate to high strength, and have high fracture toughness. Property evaluations will be made of friction and wear of ceramics and metals for high load environments. Newly developed ceramics will be subjected to screening tests, including thermal fatigue to examine their time-temperature-stress behavior. Promising candidate materials (fabricated in realistic shapes) will be tested in realistic environmental exposures.

Other materials research activities will focus on indoor air quality and gas isotope enrichment for discharge lighting. In the indoor air quality research, work will be performed on minimum air changes to determine transport phenomena (spatial distribution). The analysis of potential control techniques will be completed. This will build on earlier advancements including development of a simplified device that would allow large scale measurement of air

BEST COPY AVAILABLE

infiltration of buildings to be made at 1-2 percent of the cost of current techniques.

Chemical process research initiated in FY 1982 to study biocatalyzed production of bulk chemicals, such as nitrogen fertilizer and ethylene feedstock, will be continued. Emphasis will be on techniques to preserve the catalytic activity and increase the lifetime of enzyme catalysts under projected reaction conditions.

Thermochemical Energy Conversion

The objectives of the thermochemical energy conversion are to develop accurate and reliable methods for industry use in designing components for more efficient internal combustion engines and methods for use in designing more efficient commercial and industrial furnaces. Advances have been made in addressing such technological barriers as our current incomplete understanding of engine and furnace combustion phenomena and lack of technology base. Since 1981 DOE has successfully adopted laser-based instruments to measure phenomena in internal combustion engines and developed computer models to analyze intake, fuel preparation, and exhaust processes in internal combustion engines.

FY 1983 funding of $2.37 million will support improved design and analysis capabilities for operation at reduced fuel-air ratios. Engine cycles to be included are direct-injection stratified charge (DISC) and dilute homogeneous charge (DHC).

In FY 1983, research on high-efficiency energy-conversion equipment (home heating equipment) will continue to develop the fundamental understanding of thermodynamic properties, the kinetic properties, and materials and fabrications associated with the coupling of small heat engines to freon compressors. Planned milestones for FY 1982 will result in the development and testing of a dynamic coupling/seal for novel engine freon compressor systems. Successful coupling techniques could lead to industry's development of gas-fired, engine-driven residential heat pumps, capable of operating at two times the efficiency of standard electric air to air heat pumps. Work will also be completed on the analysis of novel materials and material designs that could be utilized in the design of heat exchangers for use in residential-sized, condensing-mode heating systems. This work includes analyzing condensate composition of the waste gas stream of conventional heat exchangers.

BEST COPY AVAILABLE

Electrochemical Storage and Conversion

The objective of the electrochemical storage and conversion activities will be directed at the fundamental understanding of thermodynamics, kinetics, electrocatalysis, mass transport, and materials synthesis and fabrication as they relate to batteries and electrochemical processes and energy conversion. Anticipated milestones for FY 1982 will result in an advanced alternating current propulsion system for an electric vehicle that permits a 50 percent reduction in cost and weight over existing systems. Industry may find many ultimate uses for the results of this research in the development of new technologies such as batteries in automobile propulsion, utility, and residential load leveling.

The FY 1983 request of $7.22 million will fund research on new active and passive cell materials for rechargeable cells offering much higher performances and cycle life at reasonable costs, generic problems of existing rechargeable storage battery systems, and electrochemical conversion systems. We will also investigate the characteristic of existing electrode systems, ionic conductors for batteries with special emphasis on nonaqueous fluid electrodes and characterization of ion selective membranes and separators.

SUMMARY

As the program levels in the FY 1983 budget reflect, we have initiated a new direction regarding the appropriate Federal role in energy development and conservation, in keeping with the President's goals of economic recovery and reliance on the private sector.

Mr. Chairman, this concludes my formal statement. I would be pleased to respond to any questions.

BEST COPY AVAILABLE

ENERGY SITUATION

Senator McCLURE. Thank you very much, Mr. Tribble.

This isn't the time, I guess, to debate all the energy policy of the Government. As a matter of fact, I find myself in agreement with most of the statements that you have made with respect to energy. But I get a little concerned when I read, as you say on the top of the second page of your statement:

> Today the energy situation is not nearly so critical as it was when these legislative programs were enacted.

Quantitatively you can make that statement. Qualitatively I am troubled by it.

Mr. Tribble, you are in the Conservation Division of the Department of Energy, and I don't know what that may do with respect to your responsiblities when looking at worldwide situations. But certainly the Department is aware, are they not, of the continuing political unrest in the Middle East?

Mr. TRIBBLE. Yes, Mr. Chairman. My remarks were not intended to imply that our energy problems are solved. We certainly recognize that they do exist and are likely to continue to exist, and we feel that we should take whatever actions are appropriate to alleviate our dependency.

NEED FOR ACTIVE ENERGY PROGRAM

Senator McCLURE. Well, how do we do that if we don't have an active program? That seems to me to be a blind, wishful statement.

Mr. TRIBBLE. Most of the energy conservation that has taken place has taken place by virtue of the increase in price over the years. Very little has been because of Government programs.

I was in the industrial sector for many years, and I can say from experience that virtually all of the conservation measures that were taken in my industry were taken because there was suddenly an increase in the price of energy and there was the prospect of even higher increases.

Excuse me. You seem to have a question.

Senator McCLURE. I understand that, and I agree, that nearly all of the large conservation measures that were taken were taken by industry. They were taken early, they were taken for economic reasons, and they were taken by entities capable of doing that.

You mention a little further down on page 2 the fact that the fuel efficiency of domestically produced automobiles has improved by more than 60 percent. That would have occurred, perhaps, over time, and I don't give Congress and the Government too much credit. But we gained at least 1 and probably 2 years because Congress mandated fuel efficiency standards before the market accepted them.

And we wouldn't have had those automobiles on the road today if it had not been for governmental policy that moved it farther and faster than it otherwise would have moved.

Mr. TRIBBLE. There's no question that's right. The Government-mandated program.

Senator McClure. Isn't it worth moving things forward a year or two faster?

Mr. Tribble. Very definitely; very definitely. That was a good move.

Senator McClure. That's what troubles me. I understand the administration's position that we ought to be doing long-term basic research on alternatives, and I have no trouble with that.

I also agree that those technologies that clearly worked, and that are clearly economic in today's market can be left to the marketplace. The marketplace will certainly make the assignment more efficiently than will Government.

But there are some noneconomic choices, choices that are purely economic, choices that will move a technology forward 1 year sooner or 2 years sooner, choices that will bring some technologies into the energy marketplace where purely business decisions would not.

And that to me is a glaring deficiency in the administration's program, especially in conservation. There are wasteful things that have been done in the conservation programs, and I think I can say without much fear of contradiction that you share that conviction.

The other side of that is that there are some noneconomic choices to be made, or marginal economic choices. Low income weatherization programs trouble me when they are simply subsidies to people who could pay but don't want to. But there is a national purpose involved in doing that. People who perhaps can afford to pay say they don't care what the energy consumption is and therefore they don't conserve. And there is a national purpose in having them conserve.

So we have low income weatherization, we have weatherization tax credits, helping people make choices that fulfill a national purpose even though it may not otherwise have been their choice.

Those are governmental involvements in short-term economic shifts.

And I have watched for years as we have said, "Well, somebody is going to build a coal gasification plant" or "an oil shale plant" or "they are going to move into alternative sources of energy." Alcohol fuels is a good example of this. And now we see oil prices coming down and they begin to wonder, as indeed they should have wondered all along, whether a $4 billion expenditure is going to be secure over the life of the plant. And they are deferring plans or canceling them.

And in the face of that I don't see any sense on the part of the administration of any urgency to get done what would not otherwise take place, working at the margins of decisionmaking.

Alcohol fuels have more than one ultimate purpose. I know the Department of Energy isn't responsible for income maintenance requirements, but if I recall correctly there is quite a little bit of concern down at Dave Stockman's shop about how much the farm program is going to cost this year. We have a provision in the statute that allows for diverted acres to be used for crops that would be devoted to the production of alcohol. That is absent from the diversion program this year? Why?

I see where the OTEC ocean temperature gradient project out in Hawaii is just moving to the point where it may be commercially viable and may be taken over. We may, by the lack of a little nudge from Government, keep the private sector in Hawaii from making that choice. I don't see an active program to stimulate them to make that choice.

We have a lot of people today who are living at the economic margins that without some assistance can't afford to do even what they know to be good to do in terms of conservation. We are going to, in effect, leave that part of the program out.

Am I correct in that assumption?

WEATHERIZATION

Mr. TRIBBLE. Insofar as the weatherization program is concerned, we do feel that this is a program which would be better managed by the Department of Health and Human Services and the Department of Housing and Urban Development. Certainly all of us have to have compassion on those segments of the population that are low income and cannot afford adequate heating, and we feel that those programs would be better handled through those other parts of the Federal Government that are more accustomed to handling that kind of thing.

OCEAN THERMAL PROGRAM

I would like to speak just a moment, if I may, to the OTEC question.

Several months ago we had a meeting with representatives of all of the consortia who have responded to the program opportunity notice on this conceptual design and preliminary design. They told us at that meeting that if we would go forward through the preliminary design stage that they would either pick it up at that point or agree that it was not economically viable.

So we do have plans to go forward to that point.

We are in the process of negotiating for two conceptual designs and we will be coming to the committee for a deferral of funds so that we will be able to go forward with a preliminary design. And we feel that at that point it has reached the stage where it can be taken over if it is in fact economically viable.

STUDY OF ENERGY USE, 1973–80

Senator McCLURE. Well, again I don't mean to get into the entire philosophical debate with respect to administration policy, but I do share the conviction that a great deal of the choices that have been made for conservation have been economic choices by those who were economically able to make those choices and informed enough to do it. But not all of them.

I have a draft report prepared for the use of the Department of Energy, and it was done, I believe, at Oak Ridge National Laboratory. It analyzed energy use from 1973 to 1980, and while that is only a draft report, I think it made some valid conclusions. I would suspect that those conclusions will not be varied in final form.

The report reached this conclusion: "Energy use in 1980 of 76 quads was substantially lower than preembargo trends would suggest." I might mention that this is by almost 22 quads.

And incidentally, when we look at trends, I think we have a great danger of simply extrapolating the current trend line. While before the embargo we may have been guilty of extending them too steeply upward, we may be equally guilty today of simply extending the current trend lines and therefore underestimating future demands.

But the report went on to say that almost one-half of this production, 10 quads, was due to slower growth in economic activity. It wasn't due to conservation efforts. It is simply because people are not using as much. You know as well as I do that those who supply electricity to the Detroit area and other forms of energy to the auto industry have found that demand is very dramatically down. The same thing is true in the steel industry.

You don't have to worry about water power in the State of Washington right now because the smelter that was the largest single load just closed down. If we are not careful, we won't have to worry about the public power supply system out there. We may succeed in driving the aluminum industry offshore, and if we do that we've got lots of electricity for a long time.

But almost one-half of this reduction—and I repeat, 10 quads of the 22, was due to slower growth in economic activity. The remaining 12 quads reduction was due to improvements in overall energy efficiency. So over one-half of it, but only slightly more than one-half, was related to energy efficiency in all forms of conservation.

"The 1980 increase in energy efficiency was due primarily to rising energy prices"—which is your point—"almost 7 quads, and also to Government conservation programs, 5 quads."

I don't know whether this study is entirely accurate, but I think it does point out the fact that at least some substantial proportion of the conversation was the result of energy conservation activities by the Federal Government.

The Bonneville Power Administration is going to embark now on a very, very extensive energy conservation program, and I will question them at every step in that process as to how efficiently that money will be spent. They are talking about $500 million just within the Bonneville Power service area. That $500 million, if it is spent well, will save all of the consumers within that region; if it is spent poorly will add an economic burden to all of the consumers in that region.

But they have concluded that it is worth that kind of expenditure. And I see the Federal Government here saying that Government has no role. I think that is what I hear you say. Am I overstating that?

BONNEVILLE POWER ADMINISTRATION

Mr. TRIBBLE. There is a difference in the activity of the Bonneville Power Administration in acquiring conservation resources. The cost of those resources will in fact be borne by the ratepayers of the Bonneville Power system.

So that here you have a situation where the people who are in the aggregate benefitting are paying for the cost. And this same thing is quite appropriate for other utilities, and a number of other utilities are executing that kind of activity, although certainly not to the degree that the Bonneville Power Administration is.

There's one other factor that I feel should be considered as you consider Federal expenditures for conservation.

Almost all of our plant and equipment and residential and commercial buildings were built back in the days when energy was inexpensive, and so not a great deal of attention was paid to energy efficiency in their construction.

ENERGY EFFICIENCY

Senator McClure. It was energy efficiency in the sense of the economic values of that time.

Mr. Tribble. That's right. But now we do have an entirely different set of values.

On the other hand, we do now know many steps that can be taken to improve the energy efficiency of the existing buildings and the plant and equipment that we have. Those things can be done with current technology and it does not hinge upon additional Government research to tell us how to do these things, and if we did go forward with the things that we do know how to do, such as adding insulation, minimizing infiltration, water heater wraps, storm windows, storm doors, things of this nature that really are available to us today, then we would continue to improve the efficiency of energy utilization in the country, and the trends that have started hopefully would continue.

I'm sure you are aware of the fact that there was a long time when the growth of consumption almost paralleled the growth in gross national product, and now that those two have been disconnected, actually the gross national product continues upward but the growth in energy demand is not nearly as related to growth in GNP as it was in the years before 1973.

Senator McClure. And do you think that that will continue; and, if so, at what rate?

Mr. Tribble. I would not hazard a guess as to the rate. However, I do think it will continue, for several reasons.

Let's take industry first. When the price went up suddenly, industry jumped in to do the things that they knew to do that could be done quickly with relatively little capital expense. Now they have reached the point where further improvements are going to require process changes and capital expenditures, and those things will be working through the boards of directors, and this activity, I'm sure, will continue, because now conservation measures will yield an ROI that is comparable to some of the other expenditures that the boards have to consider.

Then, in the transportation sector, the new cars, as they replace the present fleet—the miles per gallon of the fleet, of course, will increase.

So I do think that the wheels are in motion so that there will be additional conservation affected as we go forward.

Senator McClure. I'm sure there will be additional conservation, but again I return to what I said just a moment ago. I think we would be just as wrong to simply extend current trends without analyzing the reason for the trend as we were in the past to assume that those trends would continue without change.

There was for many years, except for 1968 and 1969, a 1-for-1 growth of energy consumption with GNP growth. Over a 2- or 3-year period we saw a slight change, but then it resumed in 1969, 1970, 1971, and we again had a 1-for-1 relationship until the embargo in 1973–74. We then saw a dramatic decrease in energy consumption. The quick, easy energy conservation measures were taken, and that ratio dropped by at least half.

It has now resumed. It is hard to tell what the resumption is because we don't have much GNP growth. But it is about 0.6 to 1. There are those who now confidently predict that that 0.6 to 1 being the current trend is what the trends will be. I don't think that is based upon any analysis. I think that is based on a blind assumption of, "What is, will be." And while you have indicated, I think properly, that there will be other conservation measures taken and reduction in energy consumption will continue, that the capital assets required to do that will increase. When the capital assets are required to increase, the economic incentive to do it decreases.

We are going to see interest rates come down if we are successful—and I think we certainly all share that goal and that belief. If interest rates come down, then capital investment becomes more attractive, but it is still going to remain more expensive than it was.

I just don't have the same faith that you exhibit with respect to the potential for easy, quick fixes in conservation. We haven't even been able to get the Federal Government to move off its dime to get appraisal processes changed to reflect energy conservation in housing. The Government does not finance all of the housing purchases in this country but they certainly influence the entire housing market. FHA, VA, Farmer's Home—all of them have great leverage on the market, and yet reflect nothing in their appraisal values for energy conservation built into home construction.

Why can't we get Government to do something? That certainly is within the area of their responsibility, even if we are not going to be actively involved in conservation directly.

Have you had conversations with people in the housing agencies?

ENERGY CONSERVATION IN HOUSING

Mr. TRIBBLE. Dr. Savitz indicates that we have.

Senator McCLURE. She has heard me say this before.

Mr. TRIBBLE. I will let her respond to this question.

Dr. SAVITZ. We have been talking to the Federal Home Loan Bank Board in addition to some of the mortgagers, such as savings and loan institutions, to have them put on the appraisal form actually what the projected energy costs might be, and to include that in their calculations of how much of a mortgage the borrower could qualify for. Right now it is being done on a voluntary basis with some of the lending institutions.

Senator McClure. That relates to their capacity qualified by the loan.

Dr. Savitz. That's right.

Senator McClure. But it doesn't relate to the value of the house.

Dr. Savitz. No; it is only that the mortgagee would be allowed a larger mortgage if the energy efficiency were better, so they could better make the payments.

Senator McClure. They would be allowed a larger percentage of the total value, but the total value would not be increased.

Dr. Savitz. That's correct.

Senator McClure. And the total value ought to increase.

Dr. Savitz. Well, yes.

Senator McClure. And it will ultimately. Ten years from now the Government will recognize it because the marketplace will have installed it.

Dr. Savitz. Yes.

Senator McClure. Because Government seems to be totally incapable of doing anything to influence that trend.

Mr. Tribble. There is one other thing we ought to say. We are working with such organizations as the National Association of Home Builders, the National Institute of Building Sciences, and the American Institute of Architects, and we have suggested to them and to other organizations that are associated with the building industry that they get together and come forward with a means of, let's say, labeling a home or building as to its energy efficiency, so that the buyer or renter will have a rating to go by. If there is a rating system that is viable, then the buyer or renter will be able to look to that as some guide in selecting the appropriate place to buy or rent.

Senator McClure. I applaud the effort, but I will applaud it more when it comes to pass.

Mr. Tribble. Unquestionably.

Senator McClure. I have been waiting for 5 years for that and urging the Government to do something. And 5 years is a short time in geologic terms or in terms of bureaucracy moving.

[Laughter.]

CONTINUED EXISTENCE OF ENERGY PROBLEM

One of the things that bothers me, and I'll state it very candidly, is the idea that somehow our energy problems are much less severe today than they were. This spawns a lot of reaction throughout the entire economy.

Gasoline prices are softening. The trend toward buying small cars has slowed. People are beginning to buy larger cars. It was kind of pleasant to drive here in 1974 when you could get enough gasoline to drive because people were trying to conserve energy in their driving habits. And now you again need to have a course in combative driving which is essential to driving around here. People have forgotten that it costs money, it costs energy, and it takes gasoline to drive the way they drive. They are being told that the energy crisis is behind us; there is no urgency now.

I remember the same thing beginning to happen in 1977 and 1978, and then the Shah of Iran fell from power and the free world lost about 10 percent—a little less than 10 percent—of the total supply. We went from a marginal surplus to a marginal shortage, and the price of oil moved from $17 to $32 a barrel.

Now, to say as you did about Bonneville Power, that it is fine for Bonneville Power or another utility to add conservation which is paid by the utility and is recovered from the ratemakers, and that the consumers who benefit are those who pay, is a nice statement of philosophy. But it misses the fact that if we can reduce vulnerability to the cutoff of imported oil, it may have a much greater effect upon the Nation than simply the effect upon those consumers.

And that is the dimension that I think is missing.

There is some urgency. If I read the affairs in the Middle East today, there is one prediction I will make confidently: that something is going to happen, and that something that is going to happen is not going to be good for our energy interests.

I don't know where it's going to happen, whether it's in the Middle East or which particular area it may be, but if you can guarantee me perfect economic and political stability in Iran, Iraq, Saudi Arabia, Kuwait, Algeria, Libya, Nigeria, Indonesia, and elsewhere over the next 10 years, then I'd say you're more of an optimist than I am.

I don't know where it's going to happen—maybe Venezuela, maybe Mexico. Who knows where it will be? But something is going to happen adversely to our economic and energy interests over the next 10 years. It is going to happen. And we aren't going to have our energy house in order in 10 years in this country. Sometime during that period of time there is going to be a dislocation.

Perhaps I harp on that a little too much because the President is looking right now at the S. 1503, the standby petroleum allocation bill, and he is being advised by the Department of Energy to veto it because we don't need any standby allocation authority and the marketplace is a perfect instrument for ordering the allocation of supplies. And I don't believe it. I am about as free-market oriented as anybody can be, but I do know that at times within the marketplace there are distortions the marketplace doesn't take care of. Over a long period of time it will, but in a shorter period of time where there are other objectives, it will not.

Yes; we are going to conserve more energy in the future because it is higher cost than it was in relative terms, and it is going to be higher again. But it isn't just cost of energy that we pay; it is security for the country that we pay as well. And it is that commission of vulnerability outside of the grants that seem to me to be missing in a program that says we are not going to do much in conservation.

I want to explore the basic philosophy more than I do the specifics because the basic philosophy drives the specific, and the specific programs are derived from the basic philosophy.

You indicate in both the budget justification and in your opening statement that you will focus on expanding our knowledge base by supporting generic high-risk, long-term research in selected technologies.

As I understand, the basic objective of this program is to provide the technology base and the technology options that the private sector can utilize in the development of more efficient energy conservation equipment and utilization processes. With respect to the research and development portion of the energy conservation budget, isn't this essentially what we have been supporting the past few years?

REDIRECTION OF CONSERVATION PROGRAM

Mr. TRIBBLE. Yes, it is. We have been doing a number of those things, and a number of those are coming to a milestone where we feel that it would be appropriate to discontinue the activity, or certainly to slow the activity, particularly with respect to end products.

And we would like to, and propose to, redirect the conservation expenditure and the conservation activity away from end products into more generic work that will be used on a more widespread basis. Let me give an example of this.

Many combustion processes are inefficient. We are going forward with some research in combustion. Some very good work is being done in Sandia and Livermore on determining where particulates are formed in the combustion process, determining where combustion is incomplete.

If we can learn more about combustion and eliminate the unknowns for the industry in its entirety, then we will perhaps be able to improve the efficiency of the automotive engine; we will be able to improve the efficiency with which we burn fuel in powerplants.

So that is the kind of generic work we are doing. Some real good work has been done there, and industry is picking up on it and is using it.

Senator MCCLURE. Is that work that was being done by industry?

Mr. TRIBBLE. No; it was initiated by us and we are going forward with it.

Senator MCCLURE. Does that indicate that all the work that could be done has been done?

Mr. TRIBBLE. No; not at all.

Senator MCCLURE. It reminds me a little bit of that famous quote of a Congressman in the 1860's. He wanted to abolish the Patent Office because everything that could be invented had been invented.

Mr. TRIBBLE. I remember hearing that.

Senator MCCLURE. I wasn't here then. [Laughter.]

Mr. TRIBBLE. I have heard of it, let me say. [Laughter.]

You can really get your tongue twisted.

I think the point that I am making generally is that there is not a great amount of a linkage between Federal expenditures on conservation and the accomplishment of conservation in the Nation.

Senator MCCLURE. But there was, in your opinion, direct linkage between those technologies and end products which are now available in the marketplace and past Government research?

Mr. TRIBBLE. Yes; some of the work that has been done and is going forward is very good.

Senator McClure. But I look at the 1982 budget justification, and I look through many columns which say, "This which we are doing, we are continuing to achieve this result."

When I look at the 1983 budget justification and charts, the third column is blank.

Mr. Tribble. Some of this is because of the restructuring away from end products into the energy conservation and utilization technologies, and the work that will be continued there. For example, we are going to continue the study of heat transfer and heat exchangers, the problem of high velocity flow on heat exchanges, which does in fact destroy some of them. We are going ahead with work on high-temperature absorption cycles. We are continuing work on the study of wall and roof systems and windows and daylighting.

We will add additional information to our computer program, DOE–2. Here, again, this is something that the Government has developed which is very valuable. The computer program is now available so that builders can feed into the program the design characteristics of a building, of a residential building, and the output of the computer will give an indication of the energy efficiency.

Senator McClure. Let me redirect the thrust of your answer, because it is easy to see what you intend to do; it is not so easy to see what you intend not to do. The one list is much shorter than the other.

Last year the Congress provided nearly $150 million for various energy conservation research activities. Yet, you are now requesting only about $17 million for such activities. Does this mean that only $17 of the $150 million can be considered generic long-term, high-risk research?

TRANSPORTATION PROGRAMS

Mr. Tribble. Not necessarily. In the transportation sector, for example, there were substantial dollars in the 1982 budget for carrying forward a Stirling engine and two designs of an automotive gas turbine to a certain point in their development.

At the end of 1982 the two designs for the automotive gas turbine will have been completed and tested on a dynamometer. Further improvements in the efficiency of that engine will hinge upon the replacement of metal parts with ceramic parts so that temperatures can be increased.

We are going forward with the research to develop the components. But we do feel that we should not go further with the development of the engine itself.

Now, that program is on the order of $25 million. It has been in 1982.

Senator McClure. Who is going to do the testing of those components in the engine?

Mr. Tribble. This is a co-shared project that we are working on with some of the members of the energy industry community.

Senator McClure. But that is the development of the components. That is not the testing of them in an engine.

Mr. TRIBBLE. No; we have been working in a cooperative effort with the manufacturers to build the engine, and we would hope that we can do the work on the ceramic parts and, as the portion of the industry's participation, have them do the testing.

Senator McCLURE. Well, who is going to do that?

Mr. TRIBBLE. The present people we are working with are General Motors and Ford and Garrett.

Senator McCLURE. And Ford and Garrett have said they cannot continue with this budget.

Mr. TRIBBLE. I'm sorry.

Senator McCLURE. Ford and Garrett have both told us that they don't have enough money to continue the program under the budget that you have submitted to the Congress.

Mr. TRIBBLE. Certainly they wouldn't continue it at the same level.

Senator McCLURE. They have said they will not continue it.

Mr. TRIBBLE. Oh, is that right? They have told you they will not participate beyond this time?

Senator McCLURE. That they will not be able to.

[Discussion off the record.]

Senator McCLURE. I am not going to put words in your mouth, but it reminds me a little bit of what Jim Schlesinger once said in response to questions about the breeder reactor program. He said, "We don't need it now, and if we ever do need it in the future we can buy it from the French."

I think what we are seeing in ceramics and gas turbines is we don't need it now, and if we do need it in the future we can buy it from the Japanese.

The Japanese are moving forward, and they are coming over here and getting the results of our technology and building on the basis of that, and they have a very active development program and we do not.

So I think we will see turbine cars bearing Toyota or Mitsubishi labels, not "Made in Detroit."

Mr. TRIBBLE. Maybe I chose a bum example. [Laughter.]

Let me try again. [Laughter.]

Let's take a look at the Stirling engine, for example. This is another activity that we were doing in 1982 that we propose not to do in 1983.

Senator McCLURE. I'm not really convinced that the engine development programs are the worst examples you could have chosen. An appropriately directed automotive industry perhaps can and should put more money into these things than Government will. But there is a basic research requirement, and there are an awful lot of the other things the Government has not done. The fluidized bed process—the Government could have moved forward much more rapidly than they did. It is moving forward but at a much lower pace.

And I guess that my concern with much of this is the pace of development, particularly at a time when we have economic recession that constricts Federal budgets. It also constricts the R. & D. budgets of the industry much more rapidly than it has constricted the budget of the Government.

If I look at the midland of our industrial sector, the basic R. & D., I have to be alarmed for the future of this country. It isn't just in conservation; it's across the board. That has something to do with their economic position; it also has something to do with their policies in the field of taxation.

But there is in foreign countries a much more symbiotic relationship between Government and industry than exists in this country. And that bodes ill for the future unless we can find the means by which we change that trend. And certainly it is not expressed solely in this budget. This is symptomatic of a much more widespread phenomenon.

If private industry can and should support what you might describe as nongeneric, long-term, high-risk research, why wouldn't they also support the generic long-term, high-risk research?

INDUSTRY SUPPORT FOR LONG-TERM RESEARCH

Mr. TRIBBLE. I think they are pretty much in the same category the way you phrase it there, and our objective would be to do those things that the industrial research will not produce because they are on a longer time horizon. Much of the research done by industry is toward the improvement of or development of a product for the relatively near-term use. On the other hand, some is long term.

Our objective would be to, as I mentioned in the case of combustion and some of the other work, try to do research that would give broad industry additional information with which to work.

Senator MCCLURE. You suggested that we cut from a $150 to $17 million programmatic level. Does this imply that the Government is in essence supporting unnecessary research or, conversely, unnecessarily supporting research?

INDUSTRY PROGRAMS

Mr. TRIBBLE. I think that the matter goes to two more or less philosophical questions. And let's take the industrial programs, for example.

Last year we had almost $30 million for the industrial program R. & D. There is no question that the work that has been done by the Industrial Programs Office has been very effective. The programs that they have worked on have been picked up by industry and are in fact saving energy.

On the other hand, there are so many thousands of additional activities of that very same nature that the Government could undertake if it chose to do so that it would be terribly difficult to select which we are going to support, which industry we are going to subsidize, if you will, through research, which projects we are going to take on and do, and who will be favored.

This to me is a philosophical point and, in my opinion, having been in industry all of my life, I do not feel that this is an appropriate role for Government. I do not think we should be doing that kind of research, and the results have shown that the research that we have done has been very cost effective.

Well, if that kind of an opportunity is there, then I feel that the private sector should pick it up rather than have the Government do it.

The other philosophical point I think we need to consider is that we are in the posture, as I mentioned earlier, where every dollar we spend we have to borrow at the present high rates of interest and add to the deficit. And under these circumstances, it is in my judgment appropriate that we curtail these activities because even though they will save some energy, I wonder if in the overall context it is worth having a larger deficit in order to do that kind of work.

Senator McClure. Well, I appreciate your statement because I think you have gotten down to the core of the decisionmaking process and the choices that are being made by the administration. I will certainly not disregard the dilemma that faces this Government and this society. But there are other dilemmas as well as the current one to which you make reference.

One is where we will be in a competitive world 30 years from now if we don't do basic research now. I am becoming more and more alarmed that the basic research simply isn't being done in this country. And while we can take a look at the Soviet Union and say they are a very inefficient economy, as indeed they are, they are capable of focusing their assets in a way that a free society cannot. They don't have to worry about, in the same way, meeting the desires of a free people making their own choices. The Government can direct all of its assets into doing what Government hopes to achieve.

If you will look at the relative number of students flowing through our universities today and what they are studying and what degrees they attain in this country and the Soviet Union, you have to be a little concerned about where we will be 10, 15, 20 years from now. We have courses in fly fishing and flower potting while they are turning out nuclear physicists. We have advanced degrees in a great many nonproductive sectors. Zen Buddhism may be an interesting sidelight for the social development of the people of this country, but it has a great deal to do with what kind of a country we'll be years from now if others have focused upon the high technology which, in my judgment, will be the wave of the future.

The basis of computer technology today is the 64k chip. And who has the near-monopoly on it? Not we. There are two companies in this country that produce any at all. And who will have the 165,000k chip first and market it?

Why is it the Japanese auto industry is running rings around the competition here? Well, there are multiple reasons, but one of the reasons is that they spend 500 man-hours per automobile less than we do because they are automated, using high technology. They can run more energy-efficient plants because they can operate in the dark. They don't have to have any lights except for the people that are maintaining the automatic equipment.

How long can we stay in a game when we are not playing in it? We may have looked at the rules, but we don't write them, and we are not learning how to play the game according to the new rules if we don't have basic research.

Certainly the basic research isn't the responsibility of Government solely, and should not be. But what is the relationship between our Government and industry that deals with questions of basic research?

I think it's fine for us to say we shouldn't be doing all of it and let's reduce our commitments in direct expenditures, but what are we substituting for those direct expenditures?

INDUSTRY R. & D. INCENTIVES

Mr. TRIBBLE. One of the things that I think was a step in the right direction, of course, was the provisions of the 1981 Tax Act, whereby companies can take as a tax credit against research that is done that is above the average of their past 3 years. This is a move in the direction to encourage the private sector to do research.

And here, again, our free enterprise system in this country was able to compete with anyone anywhere in the years gone by until the Federal Government put so much burdensome limitations and paperwork and burden on industry that their profits did in fact sag.

I think if we can free private enterprise and let them get on with the business that they are most capable of doing, they will be able to carry the ball.

And I frankly have a lot of confidence in the private sector being able to compete. We, as you well know, have a quite different system from that that we compete with in Japan particularly. But we have been successful with it in the past. I would not propose that we adopt their system, but I would propose that we let the private sector here have its head so that it can work.

Senator MCCLURE. I agree with you totally, but what are we doing? We are getting a lot of comments from private and institutional sectors that, despite the administration's hopes, there is no evidence that the private sector will take over much of the research since in many cases private industry lacks both the incentive and the institutional structure to do so..

I share your belief that we can do it; we have capable people. But it seems to me that you point to the problem of what we have done in restricting the efforts in the private sector and we don't have an adequate response for removing those strictures. And if we don't remove those strictures, there is no substitute for the programs that are being dropped out.

We are eliminating the one positive without eliminating any of the negatives. And while I agree with you that what we did in the 1981 Tax Act is a step in the right direction, it is just a very, very short step.

How do we compete with other countries that allow all the R. & D. to be simply expensed, written off in 1 year? To say that if they increase their R. & D. efforts they will be able to take a tax credit is a minuscule effort. It is an important one, and it's a single one, but maybe sometime in the future we will take longer steps.

You came from private industry. You know it better than I. But I have noticed one thing in the brief period of time that I have been here. We have begun to see that the captains of industry today are not production men; they are comptrollers, accountants, and lawyers. That has got to be bad for our country. I'm a lawyer. We ought to be helping people, we ought not to be running them. When it gets to the point that the people who shuffle the papers are more important than the people who make the basic decisions for production, then our country is in trouble. I don't see that happening anywhere else in the world.

Mr. TRIBBLE. Don't you think that much of that very same thing you just mentioned is the result of the complexities of doing business in the United States today that have been brought about by Federal regulations?

Senator MCCLURE. No question about that at all. I agree with you totally. It is the people who can cope with the Government and its complexities and its regulations best that make the most money. That's why you have more money on Wall Street than you have in Detroit. What are we doing to reverse that? Are we reducing regulatory burden? We are taking some small steps. But those are not going to take effect that quickly in 1983, are they?

Mr. TRIBBLE. No.

Senator MCCLURE. They are not a full substitute.

Mr. TRIBBLE. No; but the suggestion you made just a moment ago in my judgment is very good, that is, having research simply written off as a tax credit. That will permit the companies to do the kind of research that in their judgment is most valuable.

I would much prefer that kind of system than one that says the Federal Government does the research, because in many instances the type of research that we are involved in is not the kind of research that industry wants to pick up on.

And the example that we just heard a moment ago is the automotive gas turbine. You say the automotive industry is not willing to pick that up. They appear, then, to say by their actions that this is not one of the important considerations in research insofar as they are concerned. I wonder if they would pick that up if they were able to write it off or whether it would be in their scheme of priorities further down the line.

I think that it all gets to the question of how much the Federal Government is going to subsidize research or any other activity.

Senator MCCLURE. Well, I share much of what you say, but remember again that in the field of energy the concern that I have is the noneconomic choices that have a national purpose in reducing vulnerability.

We can indeed say we have made progress in the last few years toward a freer market, toward increased production, toward decreased dependence upon imported oil, but we still have economic, political, military insecurity because of our dependence upon imported oil. And our friends in Europe and in Japan are infinitely more dependent than are we. And what we can do to continue that progress is more important than simply the timetable of production schedules.

I guess maybe we are prepared to say this budget makes pretty good sense as a budget for 1988 if, as a matter of fact, we have been able to take these other steps to get industry to do what might be done. But there is a time lag. You can't expect Chrysler to be pouring a lot of money into the turbine right now, although they put a lot of money into the turbine in the past. The most advanced turbine, the one that has had the most work, was developed by Chrysler. But everyone knows what their economic condition is today, and that is not somethng that is going to turn around overnight.

I guess it would be fair to comment that maybe Chrysler's difficulties are no worse than the Federal Government's. There is a very close relationship between the two, I have noted.

[Laughter.]

PROPOSED DEFERRALS AND RESCISSIONS

I'd like to explore one area that we haven't touched on that disturbed me, because your 1983 request will perhaps impact on the 1982 appropriations. Even though some $386 million is technically available for obligation in fiscal 1982, the fact of the matter is that those who have been doing the research have been and I assume are still being told that they should count on nothing for fiscal year 1983, and to expect further deferrals and rescissions of fiscal year 1982 funds. Contracts have been delayed, funds are slow to reach their proper destination, and other so-called delay tactics have been employed to limit how much money actually leaves the Treasury.

There is no surprise that continuity of support is just as critical as the amount of support. We are told by some that if these tactics continue into June, it will not matter what Congress provided in the 1982 Interior Appropriations Act. The administration will, in effect, have had its own way de facto, if not de jure.

Despite our action for fiscal 1982, is it the administration's strategy to terminate programs and to save money by delaying as long as possible?

Mr. TRIBBLE. Certainly not in our Department. We will be coming to you for, from our Department, very little deferral. And we are getting the commitments made as fast as we can. Over one-half of the money that was appropriated in 1982, has already been released from us. We are working very aggressively on that, and we plan to have it all out by the end of this month, although that will be a very difficult thing for us to do.

Senator MCCLURE. Well, included in conjunction with the 1983 budget request are a number of proposed deferrals and rescissions for fiscal 1982 funds. These actions, if approved by Congress, will set the stage for phasedown of programs and the lower spending levels proposed for fiscal year 1983.

Do you have any specific requests? Can you give us the specifics with respect to deferrals or rescissions and the total amount of each?

Mr. TRIBBLE. Just a moment.

[Discussion off the record.]

Mr. TRIBBLE. The only deferrals that come to mind immediately are the $4 million for a preliminary design for OTEC and some $14 million in impact assistance that has been normally handled through the Department of Agriculture.

Those are the only deferrals that I am aware of in conservation and renewables.

Senator McClure. You don't know of any other deferrals or rescissions?

Mr. Tribble. No; I am not aware of any more.

Senator McClure. Do you expect that all of the moneys that have been appropriated, aside from this $18 million, will be expended or obligated for expenditure?

Mr. Tribble. That is right. I know of no other deferrals and of no rescissions.

It may very well be that we will have some few small instances where we would want to reprogram some money, but so far as deferrals are concerned, those are the only ones.

POSSIBLE REPROGRAMING ACTIONS

Senator McClure. Do you plan to use 1982 appropriated funds for closedown costs, including severance pay?

Mr. Tribble. In those instances, when we do phase out an activity, we would expect to come to you with a reprograming proposal to permit us to do that.

Senator McClure. Well, if you reprogram, you have to reprogram it away from something else.

Mr. Tribble. Well, I was speaking not away from something else but reprogram from the posture of carrying the activity forward to the posture of terminating it.

Senator McClure. In other words, it would be a reduction in 1982 program activity——

Mr. Tribble. Yes.

Senator McClure [continuing]. In order to pay for those costs.

Mr. Tribble. Exactly.

Senator McClure. Can you give us any idea of what those will be and where they will be?

Mr. Tribble. I would prefer to supply that for the record, Mr. Chairman.

Senator McClure. If you'd do that, I would appreciate it.

[The information follows:]

Possible Conservation Reprogramings

We are now reviewing the fiscal year 1982 budget and program plans in detail to identify any depatures from the fiscal year 1982 appropriation. As these reviews are completed we will be able to identify requirements for reprograming of funds appropriated by Congress. We hope to complete our reviews and forward appropriate reprograming notifications to the Congress within the next few weeks, although we will continue to look for possible terminations throughout the year.

REPROGRAMING, DEFERRAL, AND RESCISSION REQUESTS

Senator McClure. Why has it taken so long to get those to the Congress? You haven't gotten any of those reprograming requests or rescissions or deferrals to us, and yet certainly they affect program levels for 1982. We are well into the 1982 fiscal year. If you are going to change program levels, we need to know it.

And if, as a matter of fact, the Congress isn't going to agree that those program levels are to be changed, you ought to know it.

Mr. TRIBBLE. Right. And we would expect to get that to you. And being aware of the time elements involved, we would expect to be able to get these to you in time to have the Congress' action on it before it becomes critical in the program.

Senator McCLURE. Are we to infer from the lack of rescissions or deferrals or reprograming requests that you intend to go full speed ahead at the level of the 1982 appropriations for all programs?

Mr. TRIBBLE. No; no, please do not, because we will very definitely be coming in for some reprograming to change the direction of some of those programs.

Senator McCLURE. Are you aware of the reprograming guidelines stipulated by the Senate and House Interior Appropriations Subcommittees?

Mr. TRIBBLE. Personally I am not. I understand that there are some time requirements.

Senator McCLURE. There are a variety of different guidelines, but I hope you will become personally acquainted with them because they certainly have an effect upon the latitude of discretion which can be applied to the programs and program management.

And I say that in no means to be threatening. It's just that you are not in a position where you could, as in private industry, harbor some notion of what you are going to do 60 days from now and 59 days from now announce it.

Mr. TRIBBLE. Right.

Senator McCLURE. This system up here doesn't work that way.

Mr. TRIBBLE. There is some good and some bad.

FISCAL YEAR 1983 BUDGET REQUEST

Senator McCLURE. Yes; I'm not going to pretend that it's all good.

But there is another thing that works in private enterprise the way it doesn't up here. You have some accountability that we don't seem to have in Government, and certainly not in Congress.

As you have indicated, there are essentially two areas of funding in the fiscal year 1983 budget, $4,260,000 to administer what is remaining of the State and local grant programs, and $17,542,000 for an expanded multisector/energy conversion and utilization technologies program. The four research elements of the ECUT program have been brought together from other areas of the current program and include heat transfer and fluid mechanics, materials and processes, thermochemical conversion, and electrochemical storage and conversion. You made reference to that in your remarks earlier.

To conduct these research activities you have requested an increase of 10 full-time equivalent positions over fiscal year 1982, even though the total dollars for the multisector account have risen only $1 million or 6.2 percent. Can you explain for the committee why you need these additional funds?

Mr. TRIBBLE. If I may, I'd like to ask Dr. Savitz to respond to that.

Dr. SAVITZ. You are questioning the additional 10 positions; is that correct?

Senator McCLURE. Yes, that is correct.

Dr. SAVITZ. All the money for program direction is in the ECUT, or the multisector component funds, including any residual people from buildings, transportation, industry, and storage programs. So each of those previous line items that had their own program direction and associated people will now all be paid for out of this one account.

Senator McCLURE. It is consolidation of the programs into an area that did exist, and that area that did exist will expand as a result of the consolidation; is that correct?

Dr. SAVITZ. That is correct.

Senator McCLURE. How many FTE's will be assigned to each of the four research areas?

Dr. SAVITZ. These are just some very preliminary numbers. Based on 36 people, we see 9 people from the buildings program, 9 from transportation, 6 from industry, and 9 from energy systems research, which includes ECUT, storage, and electric energy systems.

Senator McCLURE. Do I understand that you expect all of the personnel in the ECUT program to come from current DOE personnel?

Dr. SAVITZ. Yes.

STATUTORY OBLIGATIONS

Senator McCLURE. There are a number of statutes currently on the books which require the Department of Energy to perform certain regulatory activities, such as those under the residential conservation service and appliance standards programs. Under what authority will you be relieved of your legal obligation even if there is not funding?

Mr. TRIBBLE. That is a question that I am presently not able to answer, and I will have to depend on our Office of General Counsel for direction on those kinds of questions. In some very informal conversations that I have had, I have been given the impression that should the Congress agree in not funding these activities, this could be interpreted as agreement on the part of the Congress that they should not go forward.

But here, again, it is certainly our intent to comply with the law, and if we are told that there are things that we must do in order to comply with the law, then we would expect to take whatever steps are necessary in order to do so.

Senator McCLURE. Whether I like what the courts have done in the past or not, it seems to me to be relatively clear that the lack of funding is no excuse for not discharging a statutory obligation. And I would hope you go beyond the casual conversation level into some very pointed legal research and advice. Because we may well find ourselves in a situation where you have requested funding, and for a variety of reasons Congress might not have provided it, and the courts order that the activity be continued with no funding.

There is a much better way to handle that matter, as far as I am concerned, and that is to ask the Congress to make specific statutory change that relieves you of the obligation. And the Congress then would be faced with a two-part decision of whether to leave the obligation, together with the funding for it, or to relieve you of the obligation, as well as subtracting the funding.

I think the Congress itself ought to face that, and so should the administration.

I hope you will do so, and I wonder if you could provide for the record some comments from the General Counsel as to what your position will be, and keep us informed as to whatever changes there may be.

Mr. TRIBBLE. I will certainly contact them on that.

[The information follows:]

AUTHORITY OF DOE TO DISCONTINUE PROGRAM ACTIVITIES IF FUNDING IS NOT PROVIDED FOR THAT PROGRAM

If a particular mandatory program was not funded by an appropriation, the Department of Energy could not carry out its obligation to perform the program by use of appropriations made for other purposes. See 31 United States Code 628. Moreover, if Congress desires to suspend or relieve a right or duty arising under substantive law, requiring agency activity or funds to consummate, it may accomplish this end, without directly repealing the substantive law, by a statute expressly denying appropriations for that activity. For example, an appropriations act could include a proviso expressly withholding funding for a program. The Supreme Court has recognized this practice in *United States* v. *Dickerson*, 310 U.S. 554 (1940), when it stated: "There can be no doubt that Congress could suspend or repleal the authorization contained in section 9 [the substantive law authorizing an entitlement]; and it could accomplish its purpose by an amendment to an appropriation bill, or otherwise."

Id. at 555.

In that case, Congress enacted a proviso to an appropriations bill that no appropriated funds were to be used to pay any enlistment allowance for reenlistments in the military during that fiscal year. This was in contrast to the existing substantive law, mandating entitlement to such an allowance. The Supreme Court held that the appropriation language effectively repealed the underlying substantive law for that particular year, thereby eliminating any substantive right of an reenlistee to claim an allowance. This general principle has been followed in subsequent cases. See *Friends of the Earth* v. *Armstrong*, 485 F.2d 1 (*en banc*), (10th Cir.), *Cert. denied*, 414 U.S. 1171 (1974); *Preterm, Inc.* v. *Dukakis*, 519 F.2d 121 (1st Cir. 1979).

ADDITIONAL BUDGETS

Senator MCCLURE. Would you please provide for this subcommittee some additional budgets under the assumptions of a $200, $300, and $400 million energy conservation accounts. We need some guidance from you as to what your priorities would be in the event the Congress did not agree with the budgetary levels that you have suggested. It would be helpful to us to look at that, both in terms of the basic decision, but also as to what programs would be implemented if we were to arrive at a different decision.

Would you do that for us, please.

Mr. TRIBBLE. Yes.

Senator MCCLURE. And if you would include in each of the three submissions the level of detail which is required in the subcommittee's normal detail table, and a detailed explanation of any reduction from the fiscal year 1982 levels. You could also in that provide the number of full-time equivalents necessary under each line-itemed level of funding on the detail table.

I realize that is something of a workload for you, but we would like to have this information as soon as possible, and I would hope within the next 4 weeks.

If that would indicate the desirability or necessity, we could hold another hearing to review the programs at those program levels, and certainly I would entertain that request if you were to request it.

Mr. TRIBBLE. We would very much like to do that. If, in the final analysis, it is the intent of the Congress to put this kind of money back into the program, we would certainly like to have an opportunity to meet again with you and discuss the merits of the proposals.

Senator McCLURE. I don't know how you make any judgments about the budget this year or the congressional response to budgets. I think it's a far too volatile situation for me to be able to sit here and tell you I know what the outcome will be, but I think it's likely the outcome will be somewhat different than is submitted to us, and I'd like to be able to explore some of those alternatives. And I say that based not upon any personal convictions other than the fact I sat through this process last year.

ADDITIONAL COMMITTEE QUESTIONS

I have some specific detailed questions that I will submit for the record and ask that you respond in writing.

Mr. TRIBBLE. We'd be pleased to.

Senator McCLURE. I do appreciate our appearance and testimony this morning and look forward to working with you in the development of these programs over the next year.

Mr. TRIBBLE. Thank you very much.

Senator McCLURE. Thank you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

Additional Committee Questions

Private Sector Research

Question: We are receiving a great many comments from the private and institutional sector that, despite the Administration's hopes, there is no evidence that the private sector will take over much of the research since in many cases private industry lacks both the incentive and the institutional structure to do so. What is your general response to this and what specific statistical or other evidence can you provide which refutes these comments?

Answer: Although the private sector is expected to pick up some such activities, it should be pointed out that the reduction in budget levels was not contingent upon such action by the private sector. Some of the activities which will not be Federally supported lack sufficient promise to warrant continued investigation. Therefore, the budget decisions have been based upon considerations that may override the simple question of private sector support for such activities.

The following are examples of private sector efforts to pick up energy conservation activities:

- o Several automotive companies are conducting in-house efforts leading to the production of turbochargers with ceramic components. The basic ceramics R&D work for this application was accomplished under the DOE automotive gas turbine program.
- o Diamond Shamrock is continuing work begun by DOE on improved air electrode technology in the chloralkali industry.
- o EPRI is continuing compressed air energy storage injection testing being phased out by DOE.
- o Fleet users of electric cars from the DOE demonstration program are continuing to evaluate the cost of fuel and maintenance compared with gasoline-power cars. They have formed a task force on their own to attempt to resolve mutual problems.

Program Termination

Question: Despite Congressional action for FY 1982, is it the Administration's strategy to terminate programs and to save money by delaying as long as possible? Even if it is not, how much do you expect to save as a result of the varying delay tactics?

Answer: The FY 1983 budget request reflects this Administrations commitment to the goals of the Economic Recovery Program, the need to minimize Government intervention in the market place, and the need to continue Federal support for research in areas where such support is considered appropriate. Rather than continued emphasis on bringing renewable sources of energy into the market place through Federal Government subsidy, it is now more appropriate that the Federal program be limited to research of a more basic nature than has been the case in previous fiscal years. The transition from the level of the FY 1982 appropriation to the FY 1983 Congressional Budget request may require that certain projects be phased-down or phased-out. These are not delaying tactics. It is prudent management to review the current program in order to accomplish the transition to FY 1983 which minimal disruption of ongoing programs.

CE is now reviewing the FY 1982 budget and program plans in detail to identify where terminations will occur. As plans are finalized, we will be able to identify requirements for reprogramming of funds appropriated by Congress. All appropriate Congressional notifications will be made. We hope to complete our reviews, and forward appropriate reprogramming notifications within the next few weeks, although we will continue to look for possible terminations throughout the year.

OMB Role

Question: What part has the Office of Management and Budget had in formulating a delay strategy?

Answer: The Department has not been operating on any delay strategy. OMB has exercised, and will continue to exercise, its responsibility to review all proposed reprogrammings, deferrals and/or rescission requests prior to their transmittal to the Congress.

Schedule for Deferrals and Rescissions

Question: When will you send these deferrals and rescissions to the Congress? Why has it taken so long to forward these to Congress when you knew some time ago they would be proposed?

Answer: In a message to the Congress of February 8, 1982, the President proposed: rescission of $20 million from the Energy Conservation Appropriation for Energy Impact Assistance Grants ($14.3 million) and the Standby Gasoline Rationing Program ($5.7 million). A deferral of $4.0 million from the Energy Supply Research and Development Appropriation for the Ocean Energy Systems program was sent to the Congress on March 18, 1982. CE is now reviewing the FY 1982 budget and program plans in detail to identify where program changes are anticipated. Subsequent to the completion of this review, all appropriate notifications will be made, and Congressional approvals obtained as required. The delays experienced in identifying deferrals/rescissions relate to the lateness of receipt of appropriations and the need to carefully assess resultant spending plans for the remainder of the year.

Delay Strategy

Question: Is this also part of a delay strategy?

Answer: Not at all. In fact, we would hope that the Congress will act favorably and promptly on the President's proposals for rescissions and deferrals.

FY 1982 Program Plans

Question: Do you anticipate using funds which have been deferred to fund other activities during fiscal year 1982, such as closing down programs or providing severance pay? If so, do you feel this is consistent with the Congressional direction provided for fiscal year 1982 in the Appropriations Act, P.L. 97-100?

Answer: CE is currently reviewing the FY 1982 budget and program plans in order to determine which programs will need to phase-down or phase-out in order to accomplish the transition to FY 1983 with minimal disruption to ongoing programs. We believe there will be some instances in which FY 1982 funds will be needed for closing down programs. Of course, any departure from the FY 1982 Congressionally-appropriated programs will be included in a reprogramming action for the Committee's information. This approach, we believe, is consistent with the provisions of the Appropriations Act and the Committee's reprogramming guidance.

Advanced Gas Turbine

Question: With respect to the materials and processes research element, the major thrust will be directed toward high temperature structural ceramics. What is the difference in what you expect to do under this program and what is being done under the current Advanced Gas Turbine or other such program? Considering the investment made in AGT so far, doesn't it make more sense to continue this current programm than to start a new one?

Answer: The FY 1983 generic research structural ceramic program will be directed at advanced materials development and processing, advanced net-shape materials fabrication and new approaches to assuring structural integrity of advanced materials. The present Advanced Gas Turbine program while containing similar research elements characterizing ceramic properties, also consists of engine design and test efforts in which structural ceramic materials are applied to gas turbine designs and tested in engine environments. Under the FY 1983 generic research approach, the ceramic technology aspects of the current program will be continued; however, the application of the technologies to specific gas turbine products and the associated gas turbine design and test efforts will be left to the private sector. By so doing, the Federal investment will be minimized while still achieving the primary objective of reducing long term, high-risk technological barriers to the development and introduction of efficient automotive gas turbines.

Conservation Grants

Question: The Administration apparently believes that the Federal Government has little or no appropriate role in stimulating energy conservation because market forces will effectively cause reductions in energy use. Is that a fair assessment of the Administration's policy?

Answer: While market forces do tend to be the most efficient means of stimulating energy conservation, the Administration also believes that State and local governments are better able to make decisions concerning such kinds of public assistance than is the Federal Government. We are concerned about the welfare and well being of the low-income and needy in this country, but view this as a social rather than an energy issue. Therefore the President's FY 1983 Budget provides Federal funds to the States for weatherization through the Low-Income Home Energy Assistance Program (LIHEAP), administered by the Department of Health and Human Services (HHS), and through the Community Development Block Grant Program, administered by the Department of Housing and Urban Development (HUD).

Schools and Hospitals Grant Programs

Question: How many institutions have received some form of assistance from the Department of Energy (DOE) under the Schools and Hospitals grant program since its inception?

Answer: As of September 30, 1981, approximately 53,000 schools and 3,300 hospital buildings have received energy audits; 13,415 schools and 1,697 hospital buildings have received grants for technical assistance analyses (engineering analyses); and 9,930 schools and 1,589 hospital buildings have received grants for acquisition and installation of energy conservation measures.

Question: What percentage of the eligible universe does this represent?

Answer: Eighteen percent of eligible schools and 22 percent of eligible hospitals have received energy audits; 4 percent of the schools and 9 percent of the hospitals have received technical assistance analyses grants; and 2 percent of the schools and 8 percent of the hospitals have received energy conservation measures grants.

Question: Has anything changed in the last year that would put schools and hospitals on an equal footing with profit making institutions, are they now able to use tax write-offs to partially off-set the cost of installing conservation investments?

Answer: As non-profit institutions, schools and hospitals are unable to use tax write-offs to off-set energy conservation investments.

Question: Then, why, for the sake of equity in the promotion of energy conservation, shouldn't the Schools and Hospitals Grant Program be continued in fiscal year 1983?

Answer: There are institutional barriers to the conservation of energy in schools and hospitals. Therefore, DOE must focus its efforts on removal of those barriers rather than continue the grant program indefinitely.

Low-Income Weatherization Program

Question: How many dwellings have been weatherized by DOE since the commencement of its Low-Income Weatherization Program?

Answer: Over 800,000 homes have been weatherized from December 1977 through December 31, 1981, under the DOE program.

Question: What percent of the eligible universe does this represent?

Answer: The over 800,000 homes weatherized by DOE represent over six percent of the 13.1 million homes eligible for weatherization.

Question: How many units were being weatherized each month during the peak of the DOE program?

Answer: The program peaked during the month of December, 1980, when over 35,000 homes were weatherized.

Question: On an average basis, how many units will the $144 million appropriated for fiscal year 1982 provide for each month?

Answer: Approximately 12,500 units per month will be weatherized in calendar year 1982 using the $144 million appropriated by Congress.

Need For Weatherization Assistance

Question: So, you would agree the need and the capability to do much more is clearly evident?

Answer: We recognize the need to provide help to low-income persons and households in the form of weatherization programs and cash and emergency assistance. The Administration, however, views this assistance as a social need rather than an energy issue and, therefore, not a proper activity for the Department of Energy (DOE). Such activities should be located in those agencies which have the specific mandate, expertise, and apparatus for dealing with social issues.

For this reason, the President has requested no funding in the DOE Fiscal Year 1983 budget for weatherization activities. Rather, the Administration's FY 1983 budget provides Federal funds to States for weatherization through the Low-Income Home Energy Assistance Program (LIHEAP), administered by the Department of Health and Human Services (HHS), and through the Community Development Block Grant Program (CDBG), administered by the Department of Housing and Urban Development (HUD). Currently, up to 15 percent of LIHEAP funds (which totalled $1.875 billion in FY 1982) are authorized for weatherization activities.

This Administration believes that State and local governments are better able than the Federal government to make decisions concerning assistance to these groups. Our approach, while continuing to provide Federal funds (through what we believe to be the most appropriate agencies and mechanisms), will shift decision authority to the State and local levels, enabling those governments to structure programs to best meet local needs and priorities.

Energy Growth Rates

Question: Energy growth rates have declined sharply during the 1970's, isn't that correct?

Answer: Overall energy use rates are lower in the post 1973 period than they were prior to

1973. In fact, energy growth averaged 3.5 percent per year for the 20 years prior to 1973 and just 0.3 percent for the period 1973-1980.

Question: Would you attribute most of this decline to rising prices? Do you have any studies which indicate any factors other than price were responsible for a portion of this decrease in energy growth rates, and, if so, please elaborate?

Answer: The change in energy growth can be traced to a combination of rapidly rising fuel prices, slower economic growth, occasional shortages of fuels, and government and utility conservation programs. The most recently published report on this subject is one prepared by the Oak Ridge National Laboratory, "Energy Use From 1973 to 1980: The Role of Improved Energy Eficiency," published in December 1981 (Con 79).

The report indicates that energy use in 1980 at 76 Quads was lower than pre-embargo trends by as much as 20 Quads. About half of this 20 Quad reduction was due to slower growth in economic activity. The remainder was due to improvements in energy efficiency, spurred primarily by rising fuel prices and also by government and utility conservation programs. The study indicates that the 10 Quad increase in overall energy efficiency was due primarily to technical efficiency improvements (almost 60%) and secondarily to operational changes (almost 40%).

Energy Savings by Sector

Question: I understand that savings have not been as impressive in the Residential and Commercial sector compared with other sectors, why is that? Don't homeowners act rationally from an economic standpoint?

Answer: Even though improvements in the thermal integrity of new buildings and appliance efficiencies since 1973 have not been as large as increases in new car fuel economy, energy savings in the residential and commercial sector nevertheless have been impressive. While total energy use remained constant over the 1973-1981 period in the residential and commercial sector (the same is true for the Industrial and Transportation sectors), average household energy use has dropped by 14 percent. Over the same time period, commercial energy use per square foot decreased by 17 percent. Furthermore, homeowners are acting very rationally from an economic standpoint by switching away from oil to gas and wood in space and water heating. Due to the increases in the price of heating oil, overall petroleum use in the residential and commercial sector decreased from 6.7 Quads (quadrillion Btu) in 1973 to 3.8 Quads in 1981.

Responses to Price Increases

Question: If homeowners don't respond rationally to price increases, then won't we have to look at other methods to encourage energy conservation in this sector?

Answer: As pointed out in the previous question, homeowners are responding rationally to price increases by switching from expensive residential heating oil to less expensive gas and wood. Between 1979 and 1980, 1.3 million households (8.4 percent of households using oil) switched away from oil. Of this 1.3 million households, 46 percent switched to gas and 54 percent to wood. As the price of gas continues to rise due to deregulation, we expect that not only will more homeowners shift to wood, but that overall energy use will also continue to decline in the residential sector.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

Staffing Reductions

Question: How does the Department intend to supplement staff to assure that sufficient numbers of trained professionals are maintained to carryout FY 82 program activities?

Answer: Management reviews are continually being made. Any vacancy that occurs is examined to see if the position is critical to continuing the FY 82 programs. If a vacant position is considered critical, it is filled through reassignment of qualified personnel from other program areas, the hiring of temporary employees or, if necessary, through a vacancy announcement.

Question: Conversely, is DOE formally or informally encouraging the release of trained professional staff so as to jeopardize the "critical mass" of staff necessary to carry out federally mandated activities and congressionally funded programs?

Answer: Conservation and Renewable Energy personnel are not being encouraged to leave their positions.

Question: Please provide the subcommittee any and all memoranda, letters and other correspondence relating to the current and future staff requirements of the Conservation and Renewables Division so as to document your response to the above questions.

Answer: Pertinent memoranda are being provided.

Question: Does the Department intend to issue preliminary or final RIF notices in the Conservation and Renewables Division prior to final congressional action on the FY 83 DOE budget?

Answer: The Department of Energy does not plan to issue any preliminary, general or specific notices of reduction-in-force to any Conservation and Renewable Energy staff until the Congress has acted on the Department's FY 1983 budget request.

Question: Will the appropriate Committees of the Congress be notified in advance of any staff reductions during Congressional consideration of the FY 83 DOE budget? Please explain as necessary.

Answer: It has been and will remain the Department's policy to notify the appropriate Congressional Committees prior to a reduction-in-force action.

Question: Given that Congress authorized $545 million for energy conservation in FY 82 and indeed obligated nearly $200 million more than was recommended by the President ($384 million vs. $195 million), did the Department of Energy adjust accordingly its staff levels to account for the increased interest by the Congress in energy conservation activities or are staff levels for FY 82 program activities assuming a spending level based on the President's request? What will be the policy of the Department subsequent to Congressional action on the FY 83 DOE budget?

Answer: The Conservation and Renewable Energy staffing authorization was increased by 71 Full-Time Equivalents (FTE) to compensate for the increased Congressional authorization in FY 82. Future staffing levels will have to be assessed against the approved FY 83 funding levels and adjusted accordingly.

Question: What is the opinion of your General Counsel as to the legality of maintaining staff levels which are blatantly insufficient to carrying out both the intent of Federal statute and the wishes of the Congress? Please provide the subcommittee their official opinion.

Answer: It is the opinion of the Department of Energy that the Department's staff levels are adequate to carry out the legal obligations of the Department.

March 4, 1982

memorandum

Maxine Savitz, DAS/C

DOE Policy Statement on Anticipated Reduction in Force Actions

Assistant Secretary
Conservation and Renewable Energy

Over the past several months, I have been asked by the Conservation Program Managers about the status of anticipated reductions in force in FY '82 and FY '83.

I have relayed that a reduction in force to achieve the FY '82 ceiling will likely not be required due to attrition. Of equal, if not greater, concern is an anticipated RIF to accommodate the FY '83 ceiling.

While it is my informed understanding that there will be no RIF to achieve current projected FY '83 targets until the FY '83 budget is enacted, I have not seen any formal statements on this.

Has there been any Departmental policy enunciated on either the FY '82 or FY '83 RIF timing? It would appear to be appropriate to request guidance from MA that we could relay to CE staff on anticipated RIF policy. The key issue would be designation by MA that no RIFs for FY '83 will be conducted until the FY '83 budget is completed. An ancillary issue is whether RIFs would occur under a Continuing Resolution if the full budget were not enacted at the start of FY '83.

It would be of great value to have this determination provided to the staff and would stabilize the programs, as many staff are already leaving in anticipation of a FY '83 RIF occurring in September of this year.

BEST COPY AVAILABLE

MAR 16 1982

memorandum

CE-1

FY 1982/FY 1983 Manpower Utilization Planning

Deputy Assistant Secretaries
CE Staff Office Directors

The current rates of attrition are running well ahead of previous projections. Attrition rates are, unfortunately, not controllable by management. We can, however, take appropriate action to ensure that available resources are utilized as effectively and efficiently as possible, with emphasis on meeting highest priority program requirements. This requires an objective assessment of program priorities and resource needs. We recognize that, in many areas, action must be initiated promptly to bring to an orderly termination those programs scheduled for closeout this year. This will require some additional workload to process appropriate congressional and other notifications, as well as to conduct appropriate negotiations with contractors, subcontractors and other Departmental elements.

As vacancies occur in critical program areas, management must take action to reallocate resources from lower-priority activities. Such reallocations may require transfer of personnel across organizational lines throughout CE. In order to facilitate rapid identification of critical requirements, and provide a framework within which management can respond quickly and effectively, some advance planning is needed. Toward this end, you are asked to provide the following information:

1. Milestone (key activities) charts prepared in connection with the MBO tracking system should be updated to reflect implementation of FY 1982 in accordance with the proposed FY 1983 budget, where not already completed.

2. Key decision points on these charts should be highlighted where decisions must be made to reprogram FY 1982 funds as appropriated toward phasedown or phaseout of programs in keeping with the FY 1983 budget proposal. Given current requirements for advance notification to Congress on any such reprogramming, we must be able to identify these decision points as early as possible.

3. In addition, transfers of responsibility from Headquarters CE offices to other Headquarters, or field offices will require advance coordination and planning. Timeframes for such (potential) transfers should be noted on the MBO charts.

4. Manpower resource requirements in connection with key activities must be identified. Dates beyond which vacancies, if they occur, will not critically impair our ability to effectively manage the programs should be identified for each position in the organizational structure These dates would not imply that related personnel are "not needed" beyond that point, but only that a vacancy would not require immediate action to fill. The CE Position and Personnel Summaries recently provided to you by BAM should be annotated to reflect these dates.

Submissions relating to the above planning requirements should be provided to this office by close of business April 9, 1982. Questions should be directed to Linda Gregory, 252-9220.

Joseph J. Tribble

Joseph J. Tribble
Assistant Secretary
Conservation and Renewable Energy

BEST COPY AVAILABLE

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Purpose of Conservation Budget

Question: The only statement that President Reagan has ever made about energy conservation is that energy conservation means being too hot in the summer and too cold in the winter. Is the purpose of your energy conservation budget to make people worse off so they will cut back energy use?

Answer: The FY 1983 energy conservation budget will concentrate limited Federal funding, based upon program and budget priorities, upon R&D in those areas which the private sector cannot reasonably be expected to pursue, and which appear to have merit. The purpose of these efforts is to provide the technical base for industry to develop these concepts to a point where potential suppliers and users may begin making their own capital investments.

Savings In Oil Imports

Question: In the Department's testimony, DOE takes credit for the fact that oil imports are down approximately 50 percent from their previous high.

The Oak Ridge National Laboratory has estimated that half of those savings the Department takes credit for are due to the recession and another 25 percent are due to lifestyle changes. (ORNL/CON-79)

Do you agree with the Oak Ridge assessment? If not, why not?

Answer: The domestic demand for petroleum rose gradually in the 1970's and reached a peak in 1978 at nearly 38 quadrillion Btu (quads) per year. During the same period, domestic production of petroleum declined slightly, in part from the regulation of domestic petroleum prices. Imports make up the difference between domestic petroleum demand and supply, and by 1977 nearly one half of domestic petroleum demand, 18.2 quads, was met by imports. While domestic production of petroleum has remained nearly constant over the past several years, demand has declined by about 15% to 32 quads in 1981. Consequently, petroleum imports have declined 37% since 1977 to 11.4 quads.

The causes of the decline in petroleum demand and in the demand for other forms of energy have been analyzed in many studies. The Oak Ridge National Laboratory study (ORNL/CON-79) discusses only the causes of the decline in total energy demand and does not separately address the causes of the decline in petroleum demand and imports.

As noted, the study finds roughly 50% of total energy savings are from a decline in gross national product and the remainder is caused by an increase in energy efficiency largely from the effects of higher energy prices. The Department of Energy agrees with the Oak Ridge assessment that most improvements in energy efficiency are the result of market forces. As energy prices continue to be deregulated, the Department expects even more efficient uses of energy and other resources.

Energy Conservation Savings

Question: Secretary Edwards recently belittled the Federal Government's energy conservation program by stating that it only accounted for five percent of the energy svings achieved to date. You made a similar point in your testimony. A five percent saving equals $3.4 billion each year . The $3.4 billion that will be saved this year alone is three-quarters of a billion dollars more than all federal energy conservation expenditures — on-budget and off-budget --since 1973. Why do you propose ending programs which will be saving many times more than they cost?

Answer: What this says is that the Government has spent one dollar to save the private sector three. Return on investment is usually calculated on the basis of the investor reaping the benefit. It is precisely this "fantastic payback" that makes private sector investment in energy conservation so attractive. Particularly in view of the existing tax credits and other benefits, the private sector is expected to more than replace Federal spending in energy conservation.

Energy Conservation

Question: As the ranking minority member of the Regulatory Reform Subcommittee of the Senate Judiciary Committee, I am the chief sponsor of the Regulatory Reform Act.

One of the principal changes that legislation will make in existing law is to require cost/benefit analysis before regulatory programs are changed.

In Executive Order #12291, President Reagan ordered that each federal agency do a cost/benefit analysis before any major changes are made in regulations.

This year's budget proposes elimination of the Residential Conservation Service. I have received scores of letters from Vermonters telling me that the program is essential and how much it has helped them.

Did you do a cost/benefit analysis before you proposed this change?

Answer: No, a cost/benefit analysis has not yet been completed by the Department on the Residential Conservation Service. A new Regulatory Impact Analysis, however, is being developed in conjunction with the Department's preparation of revised program regulations. This analysis will be available as soon as the final revised regulations are issued.

Question: How can you justify cancelling programs with a positive cost/benefit analysis, such as the Residential Conservation Service, and increasing spending for programs with a negative cost/benefit analysis, such as the Clinch River Breeder Reactor?

Answer: The Clinch River Breeder Reactor (CRBR) is part of a larger breeder program designed to respond to long term energy needs. It should be noted that, while CRBR is being emphasized, the total FY 1983 breeder budget request is lower than that for either FY 1981 or FY 1982.

Although we expect the breeder to eventually be commercialized, it will not be in the near term, probably not before the turn of the century. Much base technology and development work remains to be done. Commercial use is beyond the planning horizon for private industry. Therefore, breeder research, including the CRBR Project, qualifies for Federal support under Administration policy to develop long-term, high-risk, potentially high-payoff technologies.

In contrast to the time frame for breeder development, many of the conservation programs have benefits which are readily quantifiable, and they are already commercially feasible. The Administration's policy is to let the private sector handle these programs, reserving Government funding to long-term research not normally funded by private venture capital.

SUBCOMMITTEE RECESS

Senator McClure. The subcommittee will stand recessed until Friday, March 19, at 9 a.m., when we will receive further testimony from the Bureau of Indian Affairs.

[Whereupon, at 10:27 a.m., Thursday, March 18, the subcommittee was recessed, to reconvene at 9 a.m., Friday, March 19.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

TUESDAY, MARCH 23, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8:35 a.m., in room 1123, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

STATEMENT OF JAMES H. BILLINGTON, DIRECTOR

ACCOMPANIED BY:
- WILLIAM DUNN, ASSISTANT DIRECTOR FOR ADMINISTRATION
- PROSSER GIFFORD, DEPUTY DIRECTOR
- GEORGE SEAY, ASSISTANT DIRECTOR FOR DEVELOPMENT

PREPARED STATEMENT

Senator MCCLURE. Good morning. This is the time scheduled to review the fiscal year 1983 budget estimates for the Woodrow Wilson International Center for Scholars and for the Bureau of Land Management.

We will begin with the Wilson Center. The request for the Wilson Center totals $2,255,000, an increase of $383,000 over the Center's fiscal year 1982 appropriations.

Mr. Billington, if you would first introduce your associates you may then proceed to highlight your opening statement. The full text will, of course, appear in the record.

[The statement follows:]

STATEMENT OF JAMES H. BILLINGTON

The Wilson Center is a national resource for scholars and a crossroads where scholars meet and talk with leaders in Government, business, labor, and journalism. It has also become an important catalyst in the growing intellectual life of Washington. Each year the Center brings to Washington some 100 scholars from all over the world and sponsors some 200 meetings, and has thus come to play a central role in a city where thinking has become a significant industry.

What used to be thought of simply as a "company town" of the Federal Government has already become—with the expansion and outreach of the Smithsonian complex of museums and the building of the John F. Kennedy Center for the Performing Arts—an artistic and cultural center. The city has also become an important intellectual center—in some ways, perhaps, a model for the new type of "information society" in which skills in thinking and communication are crucial. Congress, in creating the Wilson Center as a new type of living memorial to a former President in the heart of Washington, has played an important role in this development.

For a decade now, the Center has conducted a richly variegated program of luncheon discussions, afternoon colloquia, and evening dialogs—building on the solid scholarly base of resident fellows and staff, opening up for the broader Washington community an interdisciplinary and international dialog that is hospitable to a wide range of opinion. These meetings are publicly announced and generally open. Whenever access must be limited, invitations are extended on the basis of competence in the subject discussed. Our goal is to treat subjects with the seriousness appropriate to a scholarly center and a Presidential memorial. Woodrow Wilson himself spoke of "the passionate pursuit of dispassionate truth"—a pursuit that can often unite individuals even when they disagree.

Our budget request for fiscal year 1982 aims to secure both the intellectual quality and the international aspect of the Center. We are asking for a sum of $117,000 to increase the average annual fellowship stipend to $31,000. Our current average, which is for 12 months and includes travel and fringe benefits, is $27,650. This is far below the salaries now prevailing for full professors in major academic instituions in this area. The latest figures from the American Association of University Professors show that a 9-month salary (without fringe benefits) for that rank at research universities in the Middle Atlantic region is $35,850. This figure extrapolated for 12 months would result in a salary of $47,800—a figure that is $20,000 more than we are currently offering and would be even greater if fringe benefits were added. This gap is not closed by the approximately $200,000 in sabbatical and other outside support which we succeed in having fellows bring to the Center each year.

Unless this gap is narrowed, the Center is in danger of (1) losing first-rate candidates as fellows and/or (2) changing our process of selection, which has never so far taken a fellow's financial situation into account. We could be forced either to take inferior applicants who are less well paid or to favor those who come from wealthier institutions which can provide sabbatical support during a fellowship year. Either policy is highly undesirable for a national institution pledged both to high quality and to open, competitive access. Either policy could lead to a serious erosion in the quality and variety of our fellows upon whom the life of the Center and the vitality of its outreach depend.

The other major increase requested is for converting four of the eight administrative positions in the Center's international programs from the private to the Federal budget. The Center gives the highest priority to institutionalizing its international programs, which have proven themselves to be of great value and have generated substantial international interest. In order to provide a dependable long-term institutional framework for this activity, the salaries and benefits of two of the program secretaries and two administrative assistants must become part of the basic structure of the Presidential memorial.

The Center has now reached a critical point. Unless funding for administering its international programs can be secured, the Center will have to retrench these programs severely. They have played a unique role in linking both the Washington policy community and the broader American scholarly community with the U.S.S.R., East Asia, Latin America, and Europe and the Middle East (the recent emphasis of the international security studies program) precisely at a time when relations with each of these regions are entering a more critical period.

Approval of the core costs for these four positions will not increase the size of the Center or of the staff. We have held down staff size stringently over time in our Federal budget. (We have increased our full-time Federal positions only from 20 to 23 since 1975, despite an immense increase in our activities.) We did not request Federal support for these positions in our international program before the 1982 budget because we wanted them to prove themselves by gaining initial outside support.

These programs have now proven themselves beyond our expectations. If we are to sustain the high level of private funding for the wide range of activities undertaken by these programs—and by the Center as a whole—the minimal core costs of administrating these international programs must be assumed on the Federal budget. Recognizing that this is a time of fiscal stringency, the request in the President's budget for fiscal year 1983 for support in this category is one-half of what it was in the President's fiscal year 1982 budget. If this reduced request cannot be granted this year, a remarkable series of international associations and activities that have taken many years to develop will simply not continue.

The problems of tomorrow will require judgment and vision, as well as a proliferation of information. Having achieved during its first decade quality control, programmatic maturity, and communication with a wider audience, the Wilson Center hopes to bring more wisdom and perspective into the life of this city, and hopes to address those questions of value, judgment, and belief that make us distinctively human.

The Congress of the United States has substantially enriched international thinking in Washington by creating this Center for long-term reflection and serious dialog. By making it an international center for relatively pure scholarship, the Congress made it possible for the Wilson Center to bring to this country in 1978 a man like the great Polish medievalist, Bronislaw Geremek, to work on the seemingly obscure subject of the origins of social prejudice in the late Middle Ages. So powerful was his mental and moral force that when the workers of Poland turned for perspective and counsel in the summer of 1980 in their campaign for renewal of that society they made Geremek the chief intellectual adviser to solidarity. In prison today, and feared by the forces of repression in that country, he is also a main focus for Poland's continuing hopes for renewal. The past foreign minister of Japan and present foreign minister of Bangladesh are among our former fellows; the former head of the Indian foreign service is a present fellow; and the host of influential Latin American and European thinkers and leaders who have been fellows and guest scholars in the last few years have almost always returned to their countries with their views of America strikingly improved. Our foreign fellows establish enduring relations with American fellows and guest scholars who have come to the Center from 32 States of the Union, the District of Columbia, and Puerto Rico.

Thus the Wilson Center has international as well as national importance. Its human scale and dedication to scholarship at the highest levels have made it a place to find unity within diversity—a goal suggested by the words on the Great Seal of the United States adopted 200 years ago this year: *e pluribus unum*. For all its diversity, this international memorial to a great scholar-statesman is a place that recognizes that the left and right halves of the brain are united in one fragile human mind, just as the hemispheres—East and West, North and South—are united in one planet.

INTRODUCTION OF ASSOCIATES

Mr. BILLINGTON. Thank you, sir.

This is Dr. Prosser Gifford, Deputy Director of the Center. This is William Dunn, Assistant Director for Administration for the Center, and Mr. George Seay who is Assistant Director for Development.

Mr. Chairman, at a recent meeting at the Wilson Center, Vice President Bush said, and I am quoting: "I am confident that the ghost of Woodrow Wilson is content to have such a splendid living memorial in his memory." And he went on to speak of the role of this Center in what he called, again in quotes, "a renaissance that would have pleased the founding fathers."

I hope it would also please our congressional founding fathers, Mr. Chairman, that last year for instance, we had 128 fellows and guest scholars in residence in Washington from 23 foreign countries and 43 different universities working on projects of importance. And meetings, 199 of them last year, including a dozen multiday major international conferences.

Just in the course of this past year Chancellor Schmidt took part in one of these meetings, with seven members of the Bundestag.

In another, we had the first meeting ever held anywhere between solidarity with American bankers, which also involved Members of both Houses of Congress. The leading intellectual advisor to solidarity, incidentally, was a former fellow of our Center.

We also had 9 Congressmen, 21 staff members, for instance, in one of a half dozen major meetings dealing with issues of trade and defense with Japan.

We had a second annual binational conference with our Venezuelan friends involving Ambassador Kirkpatrick and others from the American side with people of comparable stature in Venezuela; another meeting with eight leading Caribbean figures including prime ministers of two of those countries; seven evening meetings on Middle East and oil politics, many involving both Arabs and Israelis.

I don't know where else in Washington and perhaps anywhere else in the world you could have officials of both Russia and China arguing with each other with the Director of the Central Intelligence Agency in the audience.

We had Secretary Watt meeting for a long evening dialog with environmentalists. And just last week, Mr. Chairman, at a meeting we were sorry you couldn't attend, Secretary Edwards and Senator Simpson talked about problems of high-level nuclear waste disposal.

So, I think we have become in a relatively short time, both a national and an international resource built on a solid, scholarly base. We pioneered, Mr. Chairman, in going hard for private funds to increase this outreach that I have just described to you. Indeed, we have increased our private fundraising from $114,000 in fiscal 1974, to $1,572,000 in fiscal 1981.

We have found that we must work much harder just to keep up this high level.

DIVISION BETWEEN PUBLIC AND PRIVATE FUNDS

What we are asking, really, is a vote of confidence in the program that has led to such significant private funding. We are asking for an appropriate division of labor that will enable us to sustain both this high level of private funding for this vastly expanded outreach program and also to sustain intellectual quality which is essential and requires core Federal support in a Presidential memorial, particularly in areas in which the private sector will not sustain funding.

Of the two key items, Mr. Chairman—I won't review it all—for which we are asking modest increase, one is in the area of fellowship stipends, the fellows being the base of everything. In my annual report I discuss the whole intellectual picture in Washington, this renaissance which the Vice President described. And one of the key things that emerges from the study of this is that Washington really needs peaks of excellence in the intellectual arena. That's what I hope we can provide, and what this fellowship stipend is so essential for.

When the Center began in 1970, the average stipend was the equivalent of a GS-15. It is now in the midrange of GS-11.

The other item that is particularly important is the four positions for the Center's international programs, which are essential to sustain the high level of private support which will still prevail in these programs. Even after this, the Federal share will continue to be only about one-third of the total cost of the four international programs, which is what it has been before.

We are not adding to the Center's size. We have increased our full-time federally funded positions only from 20 to 23 since 1975, despite this vast increase in activity and in private funding.

We simply believe that this small added investment will assure the future of the international half of what Congress has created as an international center. We are not slackening our effort on the private side. We have our first fundraising brochure, we have tapped former fellows for the first time in this past year, Mr. Chairman. We have gone over this carefully with the Office of Management and Budget. We believe this is a realistic, honest budget involving less than we asked for last year, but what we feel is essential to sustain both the high scholarly quality exemplified for instance by 25 books published by fellows last year; exemplified in the Wilson Quarterly, which is the largest selling quarterly in America—which is excluded from the figures I have been talking about, is totally privately funded and is going to five issues this next year so that it will increase its outreach and impact.

All this, plus we feel the opportunity for civilized dialog on neutral turf at a high intellectual level and an effort to find a measure of unity amidst diversity in our Capitol on some of the great questions of the day.

Senator McCLURE. I might say facetiously, if you can get the President and the Congress together to talk about the budget you might provide a useful service on neutral turf. [Laughter.]

FELLOWSHIP STIPENDS

An increase of $117,000 is requested to increase the fellowship stipend to $31,000 each. In your justification, you state that you no longer feel able to rely on the sabbatical income to supplement the stipend you offer.

Why is this sabbatical income no longer adequate or available?

Mr. BILLINGTON. It's available, but it is not increasing.

In fact, we have relied constantly—we've pushed as heavily as we can in this area, and we will continue to do so, and we are planning in our figures to get at least the $200,000, or $215,000 we have been getting annually in sabbatical income. But we can't increase the number for two reasons: One, because sabbatical money is not increasing generally; and second of all, because as we reach out and reach more communities and welcome—as I've indicated—a wider range of universities, you are reaching more and more those that don't have the same generous sabbatical policies as the more wealthy universities. Since we make it a great point in this public memorial to be open to all comers, we don't want to have to give preferential treatment to those who come from the more wealthy universities that have sabbatical policies.

In fact, our competition and our selection panels choose without even knowing what the financial situation of the individuals is, or what the sabbatical policy of their universities is. We press very hard, the universities have been very cooperative. But, the amount in the universities for sabbaticals is not increasing. We don't want to put those who come from less well off universities at a disadvantage in our competition.

But, we will continue to press for every amount of sabbatical aid we can get, and we will continue, I hope, to have the success that we've had in the past.

Senator McClure. If agreement could be reached between the House and Senate subcommittees and the Center on what level represents appropriate reimbursement to the fellows, would you then be willing to simply adjust that figure annually based on the Federal employees' cost-of-living increase?

Mr. Billington. I would think that would be a possible and reasonable suggestion, Mr. Chairman. We have used a figure, a constant figure as a base point of reference of comparable academics in the Middle Atlantic region, comparable to our standard of quality at research-oriented universities in this area. We've just been falling further and further behind it.

So, we are trying to make up part of the distance this way and it might be that this formula will be a useful one. Certainly something like this as an adjustment figure would be desirable, I should think, for both of us.

Senator McClure. Well, I think it would be helpful if we could arrive at some base which then could be adjusted rather than trying to make rather subjective evaluations annually.

Mr. Billington. I think this would be very constructive. I would be happy to try and work that out.

POSITIONS IN INTERNATIONAL PROGRAMS

Senator McClure. Last year you sought to transfer eight positions from the international programs to the Center's federally-funded payroll. As you know, this was denied. This year four positions are requested to be transferred for two of the international programs. Do you plan to continue private support for the other two international programs indefinitely, or will you seek to transfer the other four positions in the fiscal year 1984 budget?

Mr. Billington. Well, Mr. Chairman, we feel as we felt and as the OMB and the President's budget last year accepted and argued, that the core positions for four international programs are both an appropriate part of the base, the Federal base of the Presidential memorial, and are ones that really cannot be sustained beyond this initial startup period on the private side.

This is based on extensive discussions and efforts along these lines.

Whether we would feel that it was proper or possible to ask for that full amount again another year or not, I would think it presumptuous to try to say. What we have tried to do is conscientiously to reflect on what it was possible for us to do this next year, and to try to temper the request in accordance with the decision on the congressional side last year. So we have come back for half of it.

But I could not disguise from you, Mr. Chairman, that this is an area in which we did not make the request lightly. We held off for many years. And I believe that it represents a minimal request for this purpose.

I don't know whether I have answered your question.

Senator McClure. Yes, you have, indirectly. You expect to be back next year——

[Laughter.]

——if I understood you correctly. At least you want to leave the door open for that.

Mr. Billington. I would hope we could sir, yes.

Senator McClure. At least we understand what your position is.

REIMBURSEMENT TO SMITHSONIAN

A total of $75,000 is requested as reimbursement to the Smithsonian Institution, an increase of 56 percent over the current rate and an increase of 116 percent over the fiscal year 1980 level. While the justification compares this to the amount the Center would have to pay for rent, the fact is that all of the Smithsonian's building operation and maintenance costs are supported by Federal appropriations.

Can you quantify the other services which the Smithsonian provides to the Center?

Mr. Billington. Well, yes, Mr. Chairman. It is very difficult fully to quantify them, but in areas like personnel, accounting, general counsel, supply, areas of this kind, if we had to contract out these kinds of services for an institution of our size, the monetary value of these services, it would be very, very expensive. And it would have increased very rapidly in recent years and our reimbursement of the Smithsonian which has been quite modest, we really feel in all fairness, has got to approach the amount that is indicated here because there are simply all kinds of these administrative services which require high professionalism and take a fair amount of their time. Something like the General Counsel's office, for instance, with a large increase in their activities, and so forth, really has put a very heavy burden on them.

So, I do feel this is considerably—it would be very difficult to cost out every time we have gone to the Smithsonian Counsel, or the exact value of using their purchasing service, working through their personnel office and so forth. But, for an operation our size to replicate that kind of administrative support staff would clearly cost far more than this increase.

Senator McClure. I don't question that. I'm a little puzzled how you arrived at it though. In 1980 it was $30,000; in 1981, $50,000; 1982, $48,000; and 1983 you are requesting $75,000. Your justification indicates, as does your statement, that this is less than commecial rate for rent.

Yet there are a lot of other services that you also get from them. If you should reimburse for space, you should reimburse for services. It looks to me like it is kind of a subjective figure, is it not?

Mr. GIFFORD. Senator, we did ask the Smithsonian—I can't put my hand on the piece of paper—to break down the $75,000 in rough proportion to the services rendered. They are: accounting—accounting services which are considerable, they are our accounting agent by charter, as you know—guard and security services, legal counsel services.

Mr. BILLINGTON. I do have it. Do you want me to read it out, Mr. Chairman?

Senator MCCLURE. If you would, please.

Mr. BILLINGTON. We did ask them to break this down.

General Counsel was $10,500; Office of Protection, $3,000; Office of the Treasurer, which is accounting, is $25,500; Office of Plant Services, that is cleaning for us, building maintenance, is $19,500; Office of Personnel Services, $3,000; building manager in the south group is $4,500; the Smithsonian Institution Library Service is $4,500; and its printing and photographic services $4,500; for a total of $75,000.

I can submit that.

Senator MCCLURE. And those are all services rather than rent?

Mr. BILLINGTON. Yes, sir.

Senator MCCLURE. But your justification states that it is a corollary to rent.

Mr. BILLINGTON. We put the "rent" in quotations, Mr. Chairman, as a kind of rent. There is no explicit rental component in the fee to cover the 15,000 square feet that Center occupies in that building. This is, in fact, payment for——

Senator MCCLURE. Did you get a similar breakdown for fiscal 1982?

Mr. DUNN. Yes, Mr. Chairman. This is a very similar breakdown.

Senator MCCLURE. Could you provide for the record what they have given you for fiscal 1980 through 1982?

Mr. BILLINGTON. Yes, sir.

[The information follows:]

SMITHSONIAN INSTITUTION ADMINISTRATIVE SERVICES FEE CHARGED TO WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

	Fiscal year—		
	1980	1981	1982
General Counsel	$4,000	$7,000	$7,000
Protection services	1,000	2,000	2,000
Accounting office	10,000	17,000	16,000
Personnel administration	1,000	2,000	2,000
Office of plant services	8,000	13,000	12,000
South group building manager	2,000	3,000	3,000
SI libraries	2,000	3,000	3,000
Printing and photo services	2,000	3,000	3,000
Total	30,000	50,000	48,000

CONTRACTING WITH GSA

Senator McClure. Another of the agencies under this subcommittee's justification has a contract with the GSA to provide essentially the same services—payroll, procurement, audits, and preparation of budget justifications. This agency has a $10 million budget, almost five times as large as yours, and the cost of their contract with GSA is between $75,000 and $100,000.

Have you explored the possibility of contracting with GSA rather than continuing your arrangement with the Smithsonian?

Mr. Billington. Well, I don't think we have, although the arrangement for the Smithsonian, being in that building, and being explicitly created by an act of Congress, in a special relationship with the Smithsonian Institution, seemed to us to add up to a preemptive case for a continuation of this relationship.

I would defer to my Assistant Director of Administrration as to whether we have ever gotten into that.

Mr. Dunn. We have not, Mr. Chairman, explored that in the past. Physically in the building—with the Smithsonian guards, I think since the Smithsonian itself does not use the GSA guards, it has its own guard system, its own cleaning systems, and since we are physically there, we have just been absorbed into their system.

Senator McClure. You might want to look at whether or not comparable services could be rendered for less.

Mr. Dunn. Fine, I'll do so.

CARRYOVER OF PRIVATE FUNDS

Senator McClure. For both fiscal years 1981 and 1982 the Center's original estimate of the private funds which would be carried over to the next fiscal year has been substantially off the mark. For fiscal 1981 you estimated a carryover from fiscal 1980 of $573,000 when you actually carried over $1,100,000. For 1982 you had estimated a balance of $442,000 and the revised figures showed that $983,594 was brought forward.

As these differences amount to approximately 10 percent of your total spending program, it would be helpful if the estimates could be more accurate.

Is there deliberate effort on your part to err on the side of conservatism when estimating the total funds available to the Center?

Mr. DUNN. Mr. Chairman, the earlier estimates are based on the figures that we know at the time that are coming in. The figure we show as the carryover is what is remaining after we have gotten enough money to run the year's program.

We are not really including in a carryover figure what may come in during the following 12 months. We are simply showing what will be left over after we have raised enough money to run the 12 months following.

During any 12-month period, a great deal of money might come in that we are not aware of at the beginning. And we have not attempted to put a guess on that kind of money. All this estimated carryover shows is what we think will be left over from running the previous year's budget.

Senator MCCLURE. I understand that. But it is about 10 percent of your total. Has it been running constant? I haven't looked back farther than that.

Mr. DUNN. I think it is fairly constant, sir.

Senator MCCLURE. Has it been in the neighborhood of $1 million carryover each year?

Mr. DUNN. For the last 3 years or so. We seem to have reached that plateau now.

Mr. GIFFORD. Senator, may I?

Senator MCCLURE. Surely.

Mr. GIFFORD. What we would like to do, ideally, is to carry forward about $1½ million. In other words, we would like to be in the same position on the private side as we are on the Federal side, so that we could plan a year ahead knowing we had the resources to do it. We've never been able to attain this. Our carryovers have run around $1 million, or $900,000. So that means in any year we are still scrambling to raise the money for that year as well as for the next year.

So that if the system worked the way we would like it to work, we would be able to project a year ahead so that we could commit—know that we had those funds in hand.

That's why the carryover provisions rise during the interval between the initial submission and the end of the year, because we are scrambling to get there.

Senator MCCLURE. I understand that.

You surely wouldn't want 100 percent of your private side carried over, would you?

Mr. GIFFORD. A year, yes.

Senator MCCLURE. Ideally?

Mr. GIFFORD. We could then commit for the year's activities, knowing we had those resources in hand. That would be ideal. As I've said, we've never been able to achieve it.

Senator McClure. I guess the last 2 or 3 years you've carried about the same amount—you actually declined between 1981 and 1982 by $117,000.

Mr. Gifford. That's correct.

Senator McClure. In carryover.

Mr. Gifford. So we are losing a little ground.

Senator McClure. Yes; and I would think if your goal is as stated, at least stability—and that would be a favorable trend. But an increase would be a more favorable trend from your perspective.

Mr. Gifford. That's correct. We are having to run a little harder in order to stay in place, like the Red Queen.

Senator McClure. Like almost everyone else.

I don't have any further questions at this time, and I do appreciate your submission, and your responses here this morning.

If we have any additional questions, we will be in touch with your office.

Mr. Billington. Thank you, Mr. Chairman.

Senator McClure. There will be a short recess until 9:30 when we reconvene and we review the budget estimates for the Bureau of Land Management.

Thank you very much.

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

STATEMENT OF ROBERT BURFORD, DIRECTOR

ACCOMPANIED BY:

- **DELMAR VAIL, DEPUTY DIRECTOR FOR LANDS AND RENEWABLE RESOURCES, BUREAU OF LAND MANAGEMENT**
- **SANDRA BLACKSTONE, DEPUTY DIRECTOR FOR ENERGY AND MINERAL RESOURCES, BUREAU OF LAND MANAGEMENT**
- **ARNOLD PETTY, DEPUTY DIRECTOR FOR MANAGEMENT SERVICES, BUREAU OF LAND MANAGEMENT**
- **ROGER HILDEBEIDEL, CHIEF, OFFICE OF BUDGET, BUREAU OF LAND MANAGEMENT**
- **STANLEY D. DOREMUS, DIRECTOR, BUDGET OPERATIONS STAFF, OFFICE OF THE SECRETARY**

PREPARED STATEMENT

Senator McClure. The committee will come to order.

This is the time scheduled to review the fiscal year 1983 budget request for the Bureau of Land Management, not including the Land and Water Conservation Fund land acquisitions, which will be reviewed on April 15.

The Bureau's 1983 request for appropriated funds is for $495,269,000, a reduction of $46,514,000, 9 percent from 1982 appropriations to date. In addition, the Bureau also has a fiscal year 1982 supplemental request of $60 million for firefighting expenses incurred in prior years pending before this committee.

Mr. Robert F. Burford, Director of BLM is the lead witness today. This is your first appearance before this committee, and I want to welcome you here. You and I see each other in several different forums. This is the first opportunity in this particular one.

If you would introduce those people who accompany you, state their names and titles for the record, we will then insert your entire statement in the record in full, and you can proceed to highlight it and make your statement in whatever manner you see fit.

[The statement follows:]

STATEMENT OF ROBERT F. BURFORD

I appreciate the opportunity to testify today in support of the President's FY 1983 Budget request for the Bureau of Land Management (BLM). The 1983 budget aggressively promotes a program of multiple use management of the Public Lands and their resources and, in my view, represents a balanced and orderly approach to the use, development, and protection of these lands which provide a broad spectrum of public benefits.

The Bureau manages about 325 million acres of Public Lands, located in 28 states, including currently 150 million acres in Alaska. The Bureau also administers the mineral estate for another 370 million acres where Federal minerals underlie other ownerships and on more than one billion acres of submerged lands on the Outer Continental Shelf (OCS). The Federal Land Policy and Management Act, enacted in 1976, established the policies and purposes which guide the actions of the Bureau in managing the use, development, and protection of the Public Lands. The Outer Continental Shelf Lands Act, as amended in 1978, provides the framework for the leasing of offshore energy and mineral resources.

Within this budget, the President and the Secretary of the Interior are requesting increased funding to facilitate accelerated development of domestic energy resources within the framework of sound multiple-use management. These increases are targeted to both onshore and offshore oil and gas, geothermal, oil shale, and tar sands leasing. We are also requesting increases in non-energy minerals programs and in our lands and realty management programs. While no increases are requested for our renewable resources programs, we will continue to manage the renewable resources of the Public Lands in a manner which effectively conserves, develops, and utilizes these important timber, rangeland, watershed and recreational resources within the multiple-use context.

BLM's programs return substantial revenues to the Treasury from the receipts collected as rents, royalties, and bonuses from OCS and onshore oil and gas leases, other minerals leases, from timber sales, and grazing fees. We estimate that $19.8 billion will be generated from these sources in 1983; with $18 billion of this total coming from OCS revenue. These OCS receipts are used to help offset government-wide expenditures.

The total BLM budget request for 1983 is almost $1.26 billion, an increase of $117.2 million over the FY 1982 appropriations enacted to date. Of this total, nearly $756.5 million is estimated for payments to states and counties in the form of shared revenue, and $45 million is proposed for payments to counties in lieu of taxes. These amounts make up nearly 64 percent of the total BLM FY 1983 Budget. The remaining $455 million of the request will finance the operation of BLM land and resource management programs. These operating funds will support a BLM employment level of 10,368 full-time equivalent (FTE) personnel in FY 1983, a decrease of 280 FTE from the FY 1982 budgeted level.

Of the total $1.26 billion, $761 million of the appropriations are available through permanent appropriations without current Congressional action. The President's Budget requests Congressional action to appropriate a total of $495.3 million to BLM in seven separate appropriations, including $45 million for Payments in Lieu of Taxes, which is requested contingent upon proposed legislative change.

MANAGEMENT OF LANDS AND RESOURCES

BLM's largest operating appropriation is the "Management of Lands and Resources" appropriation for which we are requesting $373,527,000 for FY 1983. This is an increase of $18.2 million over the FY 1982 appropriation enacted to date and a program increase of $1,748,000 over the FY 1983 base. We are also requesting an FY 1982 supplemental appropriation of $60 million for firefighting expenses.

I would like to highlight the major items of the FY 1983 request.

Energy and Minerals Management

The energy and minerals program request for FY 1983 is $98.9 million, an increase of $7.6 million over the FY 1983 base. For the onshore oil and gas leasing program, an increase of $3,750,000 will provide increased capability for expanded leasing as well as for post-lease actions resulting from the acceleration of leasing in 1982. We plan to eliminate the oil and gas lease application backlog for offers relating to BLM-managed lands early in FY 1983 and to reduce the application backlog for lands managed by other agencies by 50% by the end of the fiscal year. Any remaining backlogs on lands managed by other agencies will be eliminated by the end of FY 1984. This increase will also enable BLM to review an additional 2,000 applications for permits to drill and an additional 2,000 development plans. In FY 1982, BLM initiated a leasing program in the National Petroleum Reserve in Alaska. In FY 1983, plans are to extend oil and gas leasing to the entire state. We believe that these increased efforts will encourage actual exploration and development of oil and gas resources to meet national demand and strengthen the economy.

The recommended reduction of $2.1 million in the coal leasing program is associated with requirements to complete one fewer site-specific Environmental Impact Statement than was estimated for FY 1982 and a reduction in technical investigations on 2.2 million acres. BLM's commitment to meeting the established coal leasing schedule remains unaltered. We plan to hold two competitive lease sales in FY 1983 and intend to have all preference right lease applications processed by December of 1984.

In FY 1982 BLM adopted streamlined geothermal leasing procedures that should eliminate the current backlog of lease applications by the end of FY 1982. The FY 1983 request of $2,822,000, an increase of $550,000, will enable BLM to meet the projected postlease actions resulting from increased FY 1982 leasing as well as to establish a simultaneous geothermal leasing program.

Establishing procedures and guidelines for a permanent oil shale leasing program by early 1983 is another major BLM objective. The FY 1983 budget for oil shale leasing of $3,791,000, including an increase of $372,000, will provide for necessary planning and environmental analysis and the development of oil shale leasing regulations. Leasing under the new oil shale program regulations could take place in early 1984 after completion of land use planning. One to two additional prototype tracts may be leased in FY 1983.

Recent legislation has provided for the leasing of tar sands oil through combined hydrocarbon leases. There are an estimated 30 billion barrels of tar sand oil with a proven recoverable reserve estimated at 2 to 3 billion barrels, ninety percent of which is located on Federal lands. The main elements of the FY 1983 tar sands program are planning, environmental analysis, and issuance of regulations necessary for the development of a competitive tar sands leasing program and conversion of existing oil and gas leases in special tar sands areas. The FY 1983 budget request is $750,000, an increase of $528,000 over the base.

For offshore energy programs, we are requesting nearly $44 million, an increase of $4,050,000 over the FY 1983 base. This will enable BLM to meet the goals of the proposed leasing schedule originally announced by Secretary Watt in July of 1981, and just recently updated. The March 15 proposed schedule, if approved, will become effective in July 1982. The increase is necessary to accomplish the increased workload associated with an accelerated pace of leasing and to issue the additional leases expected because of additional acreage offered. The 1983 budget includes a $1.2 million increase for environmental studies.

For non-energy minerals programs, we are requesting about $10.2 million for FY 1983, including an increase of $450,000 to process additional material disposal requests and to review notices and plans of operations submitted to the Bureau under the surface management regulations.

Lands and Realty Management

The FY 1983 budget request of $35.6 million for the Lands and Realty Management program is up nearly $4.6 million from the 1983 base. This includes an increase of $3,250,000 to accelerate decision making on land use authorizations. Emphasis will be placed on land conveyances to the State of Alaska, adjudication of Alaska Native allotments and a reduction in lands case backlogs in states other than Alaska. Also, an increase of $1.7 million will be devoted to expediting energy related rights-of-way actions, particularly for roads to well sites and for natural gas pipelines.

Special emphasis will be placed on our efforts to make available parcels of Federally-owned land to meet expansion requirements of communities throughout the West. A year ago Secretary Watt invited the Western Governors to identify the needs of their states in this regard. They identified about 953,000 acres. In FY 1983 BLM will continue its efforts to convey these lands where appropriate through sales, exchanges, and Recreation and Public Purposes Act transfers.

There is a reduction of $400,000 in our withdrawal review program, which does not represent any deviation from our commitment to meet the 1991 deadline that Congress has mandated for completing withdrawal reviews. With the emphasis on energy exploration and development, it is essential that we conduct withdrawal review systematically and expeditiously to revoke unneeded withdrawals and to make lands available for multiple use purposes where appropriate. Reviews of BLM-administered withdrawals will be completed by 1983.

Renewable Resources Management

The FY 1983 request for renewable resources management is nearly $102.3 million, a reduction of $10.8 million from the FY 1983 base. This reduction reflects an affirmation of our policy to improve efficiency in government. Some of these renewable resource programs have grown rapidly in recent years without a complete sense of direction necessary to insure that the taxpayers' money is spent in a way that maximizes the public interest. Most of the program increases over the last few years have been tied to meeting both the court-mandated EIS schedules and severe on-the-ground problems. We intend to increase our scrutiny of these programs to insure that BLM actions provide the greatest return of benefits to the public.

We have introduced efficiencies into renewable resource management by streamlining the more intricate procedures that have evolved in the last few years and by decentralizing the decision-making to those managers closest to the problems on the ground. This shift of emphasis goes hand-in-hand with our recent reorganization of BLM field office staffing to place more BLM personnel in our district and area offices.

Looking more specifically at these programs, there is a $4.9 million reduction in the range management program, and there are related reductions of $2.3 million in the soil-water-air subactivity and $1.3 million in the wildlife habitat management subactivity. These result largely from reductions in the amount of intensive resource inventories and project development work. The inventories we have been conducting were highly intensive and focused on a single point in time. We are shifting emphasis from these one-shot efforts to a more effective program of baseline inventories backed up by an increase in multi-year monitoring and allotment supervision. The result will be a better means of determining where livestock and other range use adjustments are necessary and thus make more effective use of our rangeland management funding.

By continuing to implement a cost/benefit analysis of each project development proposal and adhering to approved land use plans, we intend to make the best use of all available dollars. These efforts, along with the increased level of monitoring, are leading to range improvement projects that are truly worth funding.

Within the total range management program, there is a $1.1 million reduction in the wild horse and burro program element. This reflects a completion of certain research projects and a reduction in the direct funding of the Adopt-a-Horse program as well as some reduction in gathering capability. The reduction of $1 million in the public domain forestry program will be met by targeting forest management activities to the most productive commercial forest lands.

In our recreation resources program, we are proceeding with wilderness studies for an eventual total of 24 million acres of Public Lands. Arriving at our wilderness recommendations will be expedited through use of a BLM minerals assessment program to add to our surface resource information. In line with FLPMA's directive, we are having mineral surveys performed by the Geological Survey and Bureau of Mines on those study areas found suitable for recommendation by the Secretary for wilderness designation. A reduction of $1.8 million is budgeted for this program. BLM will still be able to meet its wilderness study reporting deadline of FY 1987.

Fees for the use of developed recreation sites on the Public Lands are proposed to be raised as a result of the Administration's policy that those users who benefit from Federal expenditures should pay a portion of those costs. These fees will remain low even with the proposed increase, so that citizens will not be prevented access to the developed sites. The resulting collections, if appropriated by Congress in FY 1984, will be used to enhance the quality of our existing sites and insure the health and safety of the using public.

Planning

The FY 1983 budget also proposes a decrease of $1.5 million in funding for land use and resource management planning. While meeting all court-ordered and statutory requirements for plans, we believe we can achieve economies by streamlining requirements, deferring plan development where no significant issues exist, and using amendments to existing plans wherever possible.

Cadastral Survey

For Cadastral Survey, the FY 1983 budget request includes nearly $20.3 million, an increase of $800,000 over the base. Of this amount $9.9 million will be spent for surveys in Alaska. The Alaska survey program is directed primarily to meet the requirements of the Alaska Statehood Act, the Alaska Native Claims Settlement Act, and the Alaska Lands Act and a commitment to complete the required surveys in a reasonable period of time. Additional FY 1983 efforts in Alaska are directed to surveying Native allotment inholdings.

Nearly $10.4 million is requested for surveys in the other states which are necessary for energy development, resource management, and resolution of occupancy trespass cases.

Fire Management and Technical Services

Within these programs, we are requesting an increase of $1,950,000 in fire management to procure equipment to expand and improve our automatic lightning detection system and remote automatic weather station system, which are essential elements in reducing resource losses due to wildfires. We are also requesting an increase of $1.3 million to provide more adequate maintenance of Bureau-owned buildings, recreation facilities and roads. These expenditures will return benefits through the protection and prolonged life of the capital investments being maintained.

General Administration

The FY 1983 budget includes a separate activity for General Administration, as established by Congressional action on the FY 1982 MLR appropriation. The General Administration activity covers both the administrative and managerial direction portions of the previously used "Common Program Services" account and all of the costs of the Bureau's traditional general administration support functions. Consequently, the resultant FY 1982 and FY 1983 amounts for each program subactivity are directly comparable, since both years reflect only the direct costs of carrying out each program, without any portion of administration costs charged to them.

Our FY 1983 request for General Administration is $78,643,000, a decrease of $1,739,000 from the FY 1983 base. A decrease is proposed in certain administrative support costs and personnel to offset uncontrollable increases in Bureauwide fixed costs which are also budgeted under this activity, such as office space rental, communications, employee injury compensation and the like.

CONSTRUCTION, ACCESS, and LAND ACQUISITION

We have revised our approach to the construction and maintenance activities and land acquisition account and have proposed to transfer all facilities maintenance and engineering services costs to the MLR appropriation in FY 1983. In place of the previously separate "Acquisition, Construction and Maintenance" and "Land Acquisition" appropriations, we are requesting a single appropriation in FY 1983 for our capital improvement and land acquisition programs. This appropriation will provide for building construction, recreation construction, and transportation construction projects and for acquisition of both interests in land and easements for access. The FY 1983 request of $2,711,000 is a decrease of $2,928,000 from the comparable FY 1982 amount of $5,639,000. Of the amount requested for FY 1983, $468,000 is requested to be appropriated from the Land and Water Conservation Fund for land acquisition projects and acquisition management.

OREGON and CALIFORNIA GRANT LANDS

For FY 1983, we propose to continue the practice established last year of requesting a direct appropriation for the management of the highly productive O&C timber lands in western Oregon. The FY 1983 amount requested is $52,883,000, an increase of $95,000 over FY 1982 enacted.

This amount will provide a continuing program of timber sales, timber management, reforestation, protection, and other resource management actions as well as construction, easement acquisition and maintenance of facilities on the O&C Grant Lands and Coos Bay Wagon Road Lands of Western Oregon. Planned timber sales for FY 1983 are 1.1 billion board feet. Receipts from Western Oregon timber sales are estimated at $241.6 million in FY 1983.

PAYMENTS IN LIEU OF TAXES

The FY 1983 budget includes a request of $45 million for Payments in Lieu of Taxes. Proposed legislative changes in this program are being considered by the Department.

Other Accounts

Our requests for the "Range Improvements," "Service Charges, Deposits and Forfeitures" and "Trust Funds" appropriations are for such sums as are collected or deposited according to the provisions of law. We have estimated FY 1983 budget authority at $21.1 million for these accounts, a reduction of $1.7 million from the estimate for FY 1982, because of lower grazing fees for FY 1983.

Mr. Chairman, this concludes my opening statement. My associates and I are willing to answer your questions to the best of our ability or provide whatever additional information you need to assess our FY 1983 budget requests.

INTRODUCTION OF ASSOCIATES

Mr. BURFORD. Thank you, Senator McClure.

I think that Jim Parker, the Associate Director will be here a little later. He is testifying before another committee at this time. Accompanying me at the witness table are:

Del Vail, on my left, is the Deputy Director for Lands and Renewable Resources; Sandra Blackstone, on my right, is the Deputy Director for Energy and Mineral Resources; Arnold Petty, who I'm sure you know, is Deputy Director for Management Services; Roger Hildebeidel is Chief, Office of Budget for the Bureau of Land Management; and Stan Doremus is Director, Budget Operations Staff from the Office of Budget, Office of the Secretary.

I have submitted my full statement. I also have a highlight of that statement which I will read.

HIGHLIGHTS OF BLM BUDGET REQUEST

I appreciate the opportunity to testify today in support of the President's fiscal year 1983 budget request for the Bureau of Land Management, and I would like to take just a few moments to highlight the significant items in this budget.

The 1983 budget aggressively promotes a program of multiple use management of the public lands and their resources, and in my view represents a balanced and orderly approach to the use, development, and protection of these lands which provide a broad spectrum of public benefits.

The Bureau manages about 325 million acres of public lands located in 28 States, including currently 150 million acres in Alaska. The Bureau also administers the mineral estate for another 370 million acres where Federal minerals underlie other ownerships and on more than 1 billion acres of submerged land on the Outer Continental Shelf.

Within the BLM's total budget request of just over $1.25 billion, the President and the Secretary of the Interior are requesting increases over the fiscal year 1983 base of $7.6 million to facilitate accelerated development of domestic energy resources within the framework of sound multiple-use management.

These increases are targeted to both onshore and offshore oil and gas, geothermal, oil shale, and tar sands leasing. We are also requesting increases of $450,000 in nonenergy minerals programs, and $4.6 million in our lands and realty management programs.

While no increases are requested for our renewable resources programs, we will continue to manage the renewable resources of the public lands in a manner which effectively conserves, develops and utilizes these important timber, rangeland, watershed, and recreational resources within the multiple-use context.

BLM's programs return substantial revenues to the Treasury from the receipts collected as rents, royalties and bonuses from OCS, and onshore oil and gas leases, other mineral leases, timber sales, and grazing fees. We estimate that $19.8 billion will be generated from these sources in 1983, with $18 billion of this total coming from OCS revenues.

The total BLM budget request for 1983 is $1.256 billion, an increase of $117.2 million over the fiscal year 1982 appropriations enacted to date. Of this total nearly $756.5 million is estimated for payments to States and counties in the form of shared revenue, and $45 million is proposed for payments to counties in lieu of taxes.

These amounts make up nearly 64 percent of the total BLM fiscal year 1983 budget. The remaining $455 million of the request will finance the operation of BLM's land and resource management program. These operating funds will support a BLM employment level of 10,368 full-time equivalent personnel in fiscal year 1983, a decrease of 280 FTE from the fiscal year 1982 budgeted level.

BLM's largest operating appropriation is the management of lands and resources appropriation, for which we are requesting $373.5 million for fiscal year 1983. This is an increase of $18.2 million over the 1982 appropriations enacted to date, and a program increase of $1.7 million over the fiscal year 1983 base. We are also requesting a fiscal year 1982 supplemental appropriation of $60 million for firefighting expenses.

In summary, within this appropriation, we have budgeted $98.9 million for energy and minerals management, $35.6 million for lands and realty management, nearly $102.3 million for renewable resources management, $20 million for planning and data management, $20.3 million for cadastral surveys, $13 million for resource protection and maintenance, and $78.6 million for general administration.

In addition, we have other appropriations. For construction, access, and land acquisition, we are requesting $2.7 million for fiscal year 1983. This is a decrease of $2.9 million from the comparable 1982 level.

In the Oregon and California grant lands fund, we are requesting a direct appropriation of $52.9 million for fiscal year 1983, an increase of $95,000 over the fiscal year 1982 enacted amount.

Finally, we have three other appropriations: Range improvements; service charges, deposits, and forfeitures; and trust funds, which are derived from receipts or collections. These are estimated to total $21.1 million in fiscal year 1983.

I have already introduced my accompanying associates. We will be pleased to answer any questions that you might suggest, Senator.

Senator McCLURE. Thank you very much for your statement. Of course, your full statement has more detail in it, and I appreciate the summary statement as well.

I also appreciate that you and your staff have been able to accelerate the energy and minerals leasing and development efforts. The increased funding which is proposed for oil and gas leasing, for geothermal, for oil shale, and tar sands, for Outer Continental Shelf activities, and for the energy related lands and realty management program I believe are necessary and I think they are prudent investments to make at this time.

These increases are not only directed at additional leasing activities, but I think they are also necessary to cover increased costs in post-leasing activities resulting from the actions taken in 1982.

COAL LEASING

The only decrease in the energy management area is in the coal-leasing area, down $2,100,000, a 12-percent reduction. While the 1983 coal budget will maintain the coal leasing schedule, your justifications state that cost savings can be achieved by reducing site-specific EIS work, and by reducing inventory efforts.

How will these savings affect future-year costs?

Mr. BURFORD. We think that we have a sufficient level of inventories and are on schedule in our environmental impact statements. If you study the budget for the past several years, you will note that the coal program was a very heavily funded program over the past 2 or 3 years. For future years, we believe the figure will remain level.

I think our next coal sale is scheduled—when, Sandy?

Ms. BLACKSTONE. The Powder River sale is scheduled for April 28. We'll offer 2.24 billion tons of coal there. We think that we can reduce our budget request and still continue to offer enough coal to satisfy the demand.

Senator McCLURE. If you go ahead and offer enough sales or leases and they are taken, there will still have to be site-specific EIS work before mining operation can take place. Would that not be the case?

Mr. BURFORD. That is correct.

Senator McCLURE. Well, then you haven't reduced the amount of EIS work that will be required. You've only deferred those costs to the future; is that correct?

Mr. BURFORD. No; that is not correct.

Ms. BLACKSTONE. The site-specific EIS's on mine plans are done by the Office of Surface Mining.

Senator McCLURE. That would be a cost shift from this area to that area? Is that what is being planned?

Ms. BLACKSTONE. The site-specific EIS reduction here in the BLM budget that we're talking about is for the coal leasing requirements.

Senator MCCLURE. Does that imply that all of the site-specific EIS work has already been completed that will be needed?

Ms. BLACKSTONE. The program reduction involves one fewer site-specific EIS associated with leasing. Most of our coal leasing is done on the basis of regional EIS's. The majority of the program reduction is associated with the reduction in the technical investigations program.

Mr. BURFORD. The regional EIS's are completed, and the site-specific EIS's will not require as much funding as the regional EIS's have in the past.

Ms. BLACKSTONE. Site-specific EIS's are often done in response to leasing on applications outside of designated coal regions.

Senator MCCLURE. I'm looking at the justification, page 34, immediately following the center of the page. The first sentence says: "The proposed $2,100,000 decrease represents a reduction in the site-specific EIS workload and a reduction in the number of acres inventoried."

Now, that doesn't talk about area or regional EIS's; it talks about site-specific EIS's.

Mr. BURFORD. That reference is to areas that are outside of the regional areas which have already been covered by the regional environmental impact statements.

Senator MCCLURE. So you think it's a shift away from those that require site-specific EIS's into the areas covered by regional EIS's?

Mr. BURFORD. Most of our leasing will be in areas covered by regional EIS's, but what we're requesting will be for the site-specific EIS workload which is outside of the regional areas. We have already inventoried and covered by regional EIS's most of the acreage that will be offered. Our proposal at the present time will cover those that are outside of the regional EIS's. We are requesting money for five site-specific EIS's in 1983.

Senator MCCLURE. Are those all outside the area of the regional EIS's?

Mr. BURFORD. Yes.

Senator MCCLURE. The coal program also has a 9-percent reduction requested in full-time equivalent personnel or 28 FTE. What will the longer-term staffing level for the coal program be? Is this a 1-year reduction, or will this reduced personnel level be continued in future years?

Mr. BURFORD. We think it will be continued at this level in future years. We think that this will be a sufficient number of personnel to maintain a leasing program to meet the demand.

OCS LEASING

Senator MCCLURE. Your OCS leasing program is proposed for a $4,050,000 increase. That's up 11 percent in 1983. $2,839,000 of this increase is for leasing and management activities, and $1,211,000 is for additional environmental studies. Are both of these increases necessary to support the final proposed 5-year leasing schedule?

Mr. BURFORD. We feel that this money is essential to support the 5-year leasing schedule which the Secretary has recently proposed and which is out for public review now and will be in front of Congress for their suggestions in the immediate future.

Senator MCCLURE. If we assume that that schedule goes forward and that these amounts of money are expended for leasing and management of activities and if you're successful in getting those sales made, does the Bureau have adequate funding and staffing to carry out the necessary post-lease sales activities?

Mr. BURFORD. We feel so. We're going to an areawide EIS—basinwide EIS in the new lease sale program. The general EIS will cover entire basins, entire leasing areas. The specific request for funds will be sufficient to make necessary additions to those larger EIS's and support the post-lease activities connected with Outer Continental Shelf leasing.

Senator MCCLURE. As was indicated before, in the coal leasing program, after the leasing is done, the costs shift to OSM. Is there a shift of costs involved here, or is the post-lease sale activity all within BLM?

OCS POST-LEASE ACTIVITIES

Mr. BURFORD. Part of the costs are within BLM, and part are within the Minerals Management Service, MMS, which was under USGS until a recent reorganization.

Senator MCCLURE. Roughly, what proportions of the post-lease sale activities——

Mr. BURFORD. I'll defer to Sandy Blackstone.

Ms. BLACKSTONE. Post-lease operational enforcement is done by the Minerals Management Service. Although in support of that enforcement, BLM helps develop stipulations that are then enforced by MMS.

Senator MCCLURE. That's true on the OCS leasing program?

Ms. BLACKSTONE. Yes; that is correct.

Senator MCCLURE. All the post-lease sale activities?

Ms. BLACKSTONE. Most of them.

Senator MCCLURE. Most of them?

Ms. BLACKSTONE. I would say by far the majority. I'm not sure how the percentage would break down.

Senator MCCLURE. So, this increase you're asking for here, the $4,050,000 increase does not include, then, the bulk of the cost of the post-lease sale activities?

Mr. BURFORD. That is correct. The MMS-requested appropriation in that post-lease activity is $66,684,000. The BLM request is $43—almost $44 million. That gives you an idea, $67 million compared to $44 million. Both of those requests include increases from the 1982 budget. The increase for BLM is $4.2 million, and the increase for MMS is $1.5 million.

OCS RECEIPTS

Senator MCCLURE. Would you briefly summarize for me the major assumptions included in your estimate that OCS receipts will go up to $18 billion in 1983?

Mr. BURFORD. That increase, which I think is an increase of about $8 billion, is a rather dramatic increase, which has been questioned in the newspapers and questioned in the House committee. One of the reasons for that is that two of the sales are in the Gulf of Mexico and are expected to draw very large bids. Since that is an area of known production and the geology of the area is quite well known, MMS feels there's high potential in the areas that will be offered. Also, two of those sales on the new schedule fall close to the end of this fiscal year. Approximately 60 to 66 percent of those funds will be collected in fiscal year 1983 instead of in 1982. It's a little bit misleading.

If all those receipts were collected in 1982 when the sale is held, we feel that it would probably be a more correct picture. In questioning our estimates, some people have said this is an estimate of OMB, but it is not—it's a BLM estimate. If you check the estimates over the past 2 or 3 years, you will find our estimates on receipts have been low. They have not been overestimated for OCS receipts.

Senator McCLURE. They may not have been overestimated with respect to individual sales, but the composite has. You say that this would be an increase of $8 billion. Actually, it would be an increase of $10 billion over actual receipts. The receipts were not $10 billion, they were $8 billion. I don't know why we fuss over $2 billion more or less.

Mr. BURFORD. The estimate for 1982 is $7.9 billion. The 1983 estimate is $18 billion. So, it is a rather dramatic increase.

Senator McCLURE. It's not an increase of $8 billion. It's an increase of $10 billion.

Mr. BURFORD. Yes; a $10 billion increase.

I forgot about the escrow payout, which is $1.5 billion.

Senator McCLURE. I understand that if you look over the aggregate of the last 15 years, actual receipts were 2 percent over your estimates. But if you look at last year, your estimate was $10 billion and your actual was $8 billion. So, your 15-year average is better than last year.

Mr. BURFORD. Fifteen-year average——

Senator McCLURE. Is that correct?

Mr. PETTY. Mr. Chairman, having been associated with the OCS program for almost 20 years, I can say that for many years those estimates were off the top of our head. We had no staff to make estimates. In fact, our OCS staff was three to four people, and we were just guessing at what we could do. Today we have much better geologic information, the companies are giving the MMS geologic data which they can use. You will notice, in the last 4 to 5 years. our estimates have greatly improved over what they were 10 years ago. I used to make some of those estimates. I know they were just off the top of our head.

Senator McCLURE. You did pretty well. As a matter of fact, you were within 2 percent over a 15-year period. You were doing better when you were guessing than you were when you were doing more analytical work.

Mr. PETTY. We used to be off pretty far, too.

Senator McCLURE. Well, they averaged out.

Mr. PETTY. On an average, over 15 years, you'll find they did. But in recent years I personally have been amazed at how close they have been. But we do have good data to work from now, or much better data than we used to have.

OCS CRUDE OIL PRODUCTION

Senator MCCLURE. Crude oil production from OCS lands has been going down since 1976, both in absolute terms and as a percentage of total U.S. production. Does the revised OCS leasing schedule anticipate reversing this trend?

Mr. BURFORD. We hope so.

Senator MCCLURE. Is it more than a hope? Is it a calculated expectation?

Mr. BURFORD. Do we have a production estimate with us?

Ms. BLACKSTONE. I don't think we have an estimate. But I think it's important that on the OCS receipts, the reserves that are estimated by MMS to be offered in the new program are approximately five times as great as they were in 1982. So, assuming there are discoveries commensurate with that estimate, we would hope there would be an increase in actual production.

Senator MCCLURE. If discoveries are commensurate. And that leads to the next question. Only about one-half of the currently active OCS leases are producing. Is there an estimate that that percentage will increase?

Ms. BLACKSTONE. I'm not sure if the assumptions for the figures that were used to come up with the $18 billion estimate assumed any great change in the number of leases that would be producing at any one time. I believe there was probably a constant assumption on the number, the proportion that would be producing.

Senator MCCLURE. An assumption of the constant with respect to the number of leases that will be producing?

Ms. BLACKSTONE. At any one time, but we can check that out.

Senator MCCLURE. Would you do that, please.

Ms. BLACKSTONE. Absolutely.

[The information follows:]

CRUDE OIL PRODUCTION FROM OCS LAND

It is true that crude oil production has declined slightly for each year since 1976 to the point where approximately 280 million barrels were produced in 1981 (roughly 9 percent of the total U.S. production). Any production that would result from the new 5-year schedule would occur about 7 years in the future for frontier areas and about 2 years in the future for developed areas. Based on USGS estimates, we anticipate that this decline in the production trend will be reversed when these new frontier areas initiate production. In addition, recent sales in the North Atlantic, the Diapir Field, the Santa Maria Basin, and southern California may generate new production as early as this year if present drilling results prove to be positive.

For many OCS frontier areas, it is reasonable to assume that less than 10 percent of leases will result in economically viable discoveries. However, after exploration is completed, companies will hold the tracts with discoveries while those found to be dry will be relinquished. In addition, we feel that the percentage should be affected by the number of new leases issued, which would lead to an increase in exploration.

INCREASE IN GAS PRODUCTION

Senator McClure. Gas production from OCS lands has been going up since 1976, both in absolute terms and as a percent of U.S. total. What do you estimate will happen to that trend?

Ms. Blackstone. That's a trend that will either stay the same or increase. The GS estimates of the potential for gas on the Outer Continental Shelf are greater than the potential for oil.

Senator McClure. Is that within the tracts you intend to lease?

Ms. Blackstone. My statement referred to the Outer Continental Shelf generally.

Senator McClure. Would that also be true with respect to the tracts you intend to put in the leasing program in 1983?

Ms. Blackstone. We would assume that would be true for the 5-year schedule.

Senator McClure. For the 5-year schedule? Would you give me some specific information on that for the 5-year schedule? Let's don't assume that since it's true for OCS generally, it's also true of the 5-year schedule.

Mr. Burford. You'd like some information about the trend of gas production in the 5-year schedule?

Senator McClure. Yes.

Mr. Burford. We can get that, but it will be an estimate.

Senator McClure. I understand that, because there's nothing sure about oil drilling.

[The information follows:]

OCS Gas Production

OCS gas production has been strong in recent years as a percent of U.S. production. We anticipate that a favorable price outlook will continue to increase OCS production especially in areas such as the Gulf of Mexico where recent sales have indicated a desire on the part of firms to bid for gas prone tracts. In addition, our new program features many new potential gas areas such as the Mid- and North Atlantic, the Diapir Field, St. George Basin, Norton Basin, and new offerings in the Gulf of Mexico.

ENERGY-RELATED REALTY

Mr. Burford. It's a gambling game.

Senator McClure. Not all the gamblers are in Las Vegas.

Mr. Burford. No; the big gamblers are not in Las Vegas.

Senator McClure. Energy-related realty activities proposed for an increase of $1,700,000. Can you explain that increase?

Mr. Burford. This is connected with the fact that we anticipate increased drilling in the energy field, which is going to produce a commensurate increase in the number of rights-of-way requests we receive. That necessitates the $1,700,000 increase so that we will be able to process more rights-of-ways for pipelines, roads, et cetera.

Senator McClure. Is that your management overhead for rights-of-way, both roads and pipelines?

Mr. Burford. That is correct; it is our program to process rights-of-way applications.

Senator McClure. You expect that both pipelines and roads will go up over 25 percent in fiscal year 1983?

Mr. Burford. I think an additional 880 applications is what we are anticipating we will have to process. Also, we have a backlog that we're trying to reduce.

Senator McClure. Right. I assume if you have that large an increase, and you are successful in processing those applications to lead to this increased activity, that that leads to additional resource management protection efforts in 1983. I would assume that there is an increased workload on that end of it as well. If so, what will you do, and if not, why is the assumption not correct? You do have responsibilities with respect to land resource protection, when you have increased roads and pipeline activities. Now your soil and water funding is expected to decrease in 1983, and yet you've got a big increase in land disturbing activities in roads and pipelines. How are you going to do that?

Mr. Petty. Well, the energy-related realty program will cover those very things. With those funds, we will be developing the stipulations that go into the rights-of-way grants; and those stipulations will address the restoration from environmental damage that does occur.

Senator McClure. You expect that the owner of the right-of-way, the user of the right-of-way will bear all the costs of the resource protection?

Mr. Petty. We will have to do the necessary work to determine what stipulations to put in that right-of-way, and, yes, sir, then it will be the lessee's responsibility.

Senator McClure. But there is incurred not just the processing applications, there's also the management of those after the application is granted, and after the road work is done, after the pipeline work is done.

Mr. Petty. That is correct.

Senator McClure. That's all included in the $1,700,000?

Mr. Petty. Yes, sir, it is, in the total request.

Senator McClure. That sounds awfully optimistic, if you have a 25-percent increase in roads and pipelines.

Mr. Burford. We have an increase in compliance activities. There is a 12-percent increase in the compliance work we expect to complete, Senator.

Senator McClure. That's only a 12-percent increase, although you've got a 25-percent increase in the number of roads and pipelines. You're going to double your permits.

Mr. Petty. We feel we will protect the resource with that increase.

Senator McClure. I am going to have to leave for a few minutes around 10:30. Will it be possible for you to remain until I get back? I'll be gone about 15 to 20 minutes.

Mr. Burford. Yes, sir.

Senator McClure. I apologize for the interruption. But none of the soil and water funding which is included in your budget is involved with the rights-of-way and related——

Mr. Petty. It would be very indirect if it is. It would be happenstance.

LAND DISPOSAL INITIATIVE

Senator McClure. Nonenergy related realty is proposed for an increase of $3,250,000. That's a 15-percent increase. As we understand it, this will fund additional land use authorizations and additional land disposal cases in 1983. What do you know at this time about BLM's role in the administration's surplus property disposal initiative for 1983?

Mr. Burford. Well, at the present time, we are looking at inventories and land use plans to find out what lands are excess and what lands are most valuable. We're looking at the ones that are most valuable—generally, the ones closest to population centers which would be available for disposal under the asset management program. It's a preliminary look right now. Some of the lands, such as those next to Las Vegas, are already allocated for disposal under the Burton-Santini bill, but we are taking a look at those BLM lands which are adjacent to any city with a population over 25,000, with the idea that some of those lands would possibly fit into the asset management program. In land use plans that are already completed, we have quite a few acres of lands which have been identified as surplus and which would qualify for disposal without any further planning.

An example would be the 8,000 acres of BLM surface in the State of Oklahoma. The largest tract in Oklahoma is 280 acres, and most of them are scattered 40's, 60's, 80's, which were left out of settlement during the Homestead Act days. When the homesteads were taken up, there was occasionally an isolated portion left out. We do have that amount of land in that one particular State. We did not, at the time this budget was formulated, actually allocate any funds or request any funds for the asset management program, but we did ask for funds to carry out the Secretary's good neighbor policy. The State Governors have identified some 980,000 acres for which they have made requests under the Recreation and Public Purposes Act—R. & P.P.—to transfer to them.

We will be taking a look at some of those R. & P.P. requests over the next year with the mandate of the asset management program in mind.

SURPLUS PROPERTY DISPOSAL

Senator McClure. Would you please provide for the record a more comprehensive and detailed statement of what you expect you may accomplish and what your role may be in the surplus property disposal initiative?

Mr. Burford. Yes; I will provide the information.

Senator McClure. There's a great deal of interest, as you have heard, and a great deal of suspicion on the part of some, a great deal of expressed fear. I think one of the best things we can do is to give an accurate portrayal of what this program is and is not, so that people can respond to facts rather than myths.

[The information follows:]

SURPLUS PROPERTY DISPOSAL

At the time the 1983 budget for BLM was developed, final decisions on the asset management program and the land tenure policy program had not been made by the administration. Therefore, the anticipated workload for public land disposal in the 1983 budget justification does not reflect the additional workload brought on by these new administration initiatives.

BLM intends to determine the acreage and value of public lands available for sale under existing disposal authority. Those lands not identified as suitable for disposal will be categorized using criteria established by the Assistant Secretary, Land and Water Resources. This analysis will be completed by April 21, 1982. The data will be provided to the Secretary, OMB, and the Federal Property Review Board. The Secretary will then establish criteria for those public lands and mineral assets to be sold.

Given these disposal criteria, BLM will complete preliminary identification of land types which may be considered for sale. Once that inventory is established, BLM can design and implement a sale program. The schedule is dependent on criteria being established by OMB, the Federal Property Review Board, and the Secretary. Until some preliminary analysis is completed, it would be premature for BLM to speculate on the magnitude of a sale program based on administration initiatives. We feel that the prospect for dramatically increased activity in public land sales is certain.

The results of the preliminary land disposal survey may precipitate one of two actions. First, the lands already identified as suitable for disposal may be adequate to meet the administration's requirements to reduce the Federal debt. In this case, BLM would only need to design and implement the sale program.

On the other hand, if new disposal criteria are developed, BLM must apply those criteria to the public lands and proceed with land use planning updates. This will involve public input through the planning process. The costs of implementing this option will be much greater than the first option. An estimate of costs of implementing either option cannot be accurately estimated until national disposal criteria are developed and some estimate of the magnitude of a public land sale program is made.

There are 3,160 disposal cases identified in the 1983 budget. These cases include transactions at both fair market value and less than fair market value. The Federal Property Review Board will review all transactions for less than fair market value with a view toward making sales at fair market value. This is a significant shift in the program.

LANDLOCKED COMMUNITIES

Mr. BURFORD. I would say one thing, that the general thrust, as we understand it in the communications we've had, is on disposal of GSA properties and not disposal of BLM-administered lands.

Senator McCLURE. And some of those will be very exciting.

Mr. BURFORD. Yes; they will be.

Senator McCLURE. And you will stand aside and watch that excitement?

Mr. BURFORD. We will watch those disposals take place and possibly learn from them.

Senator McCLURE. How do you determine what is a landlocked community? There are some that are obviously the case, where all of the land surrounding the community is Federal land. Those are notably in States like Nevada or Alaska.

Mr. BURFORD. Colorado is also a landlocked State.

Senator McCLURE. To a lesser degree, Colorado. But what do you do when one side of town is all public land and the other side of town is all private land? I'll give you an example: Boise, Idaho, where all of the land to the south and east of the city is owned by the Federal Government and all the expansion of the city is to the west. That which the Federal Government owns is dry desert land. That which is to the west is irrigated farmland. So as a result of the Federal ownership, the pattern of growth must be on the best land. Are we gobbling up the good farmland for municipal expansion, while there is available an awful lot of Federal land?

Now in fairness, before trapping you into any kind of unguarded statement, I would also say that a large area was withdrawn by the former Secretary for the Birds of Prey Natural Area, some 465,000 acres of it, extending for 40 miles.

Mr. BURFORD. So unless that withdrawal order was revoked, there's very little in that particular instance that could be done.

Senator McCLURE. But if it were not for the withdrawal order for that purpose, it would appear to me that there has to be some way of making that land available for municipal expansion, rather than forcing people to use up the best land available.

Mr. BURFORD. I think that is something we do need to take into consideration. One example is in the city of Rangely, Colo., where a very similar situation existed. A good portion of the private lands available there were flood plain lands and farmlands. Upon request from Rangely, we did dispose of some lands—I don't remember the exact figures—but we appraised some lands, some BLM land which was desert land, to the south of the city. I would have to check this figure, because its been some time since I looked at it; but I think we sold them about 160 acres at an appraised price of around $4,500 an acre, and that land will be used for expansion of housing in that area. The situation—although Rangely is not as large a town as Boise—is very similar to the one you described as far as Boise is concerned.

In their planning, the town had identified that it was better for them to expand to the south and maintain some of the agricultural land.

Senator McCLURE. In that instance, the planning process identified it. The local planning process identified it.

Mr. BURFORD. Yes; the local planning process identified it.

Senator McCLURE. If the same thing were to occur in another city, if those local planning processes identified the desirability of the expansion on the Federal lands, that's one of the criteria that you would look to in determining whether to make the land available?

Mr. BURFORD. That's certainly one of the criteria that the Secretary has expressed in his good neighbor policy—that we shall cooperate with local communities in their desires for Federal land. We have been, over the past year, processing a good many applications under R. & P.P., and some applications—specifically, in Nevada, for land which will be used for housing and other developments.

Senator McCLURE. That land has been withheld for so many years that the planning process has virtually ignored it as a potential, because the Federal Government would sit on it, never turn loose of it. There was a fear, a near paranoid fear that somebody would make some money on it, and that somehow was regarded as indecent.

Mr. BURFORD. Profit is a dirty word in some circles.

Senator McCLURE. But we would be safe in saying to communities like that, where their growth patterns could encompass or might be affected by Federal landownership, that they ought to regard themselves free to make their planning process and then make a request based upon that planning process; is that correct?

Mr. BURFORD. That would be correct, and that would probably be even more correct when the asset management plan is fully implemented. As you probably know, there will be a look at some of the laws under which we dispose of land, and there may be suggested changes in disposal mechanisms.

ALASKA LANDS PROGRAM

Senator McCLURE. Regarding nonenergy related programs in Alaska, we understand native conveyances will be down in 1983 from 6 to 4½ million acres and that native allotment cases will be increasing substantially from 80 cases in 1982 to 2,500 cases in 1983.

Are native allotment cases higher priority than native conveyances?

Mr. BURFORD. No; but under that law, we were proceeding to process those applications for the native corporations. I just returned from Alaska on Friday, and while I was there, I had a tentative approval for about 160,000 acres for transfer to a native corporation; however, the head of the corporation did not show up to receive the land. I did transfer some 760,000 acres to the State on that trip. We are processing and intend to continue, with the cooperation of the State of Alaska, to process approximately 13 million acres each in fiscal years 1982 and 1983, to the State, so that we can proceed with the transfers of BLM lands under the Alaska Statehood Act.

We intend to finish the conveyances to native corporations in 1988.

Senator McCLURE. I guess the real reason for my question seems to be that there's a trend downward in the native conveyances, while a very large increase in the allotment cases, and I'm trying to identify if that is——

Mr. BURFORD. One of the reasons it's necessary to process more native allotment cases is that they have to be identified before we can make the transfers to the native corporations or to the State.

Senator McCLURE. So they have a higher priority.

Mr. BURFORD. They need to be handled, as do the mineral patents and the mining claims before that land can be transferred either to the native corporations, or to the State.

Senator McCLURE. So from your standpoint, then, the allotment cases have a priority not only in decision but in the selections?

Mr. BURFORD. They have a priority, because the transferability of land is conditional upon the transfer of those allotments. We need to identify those allotments in order to give clear title to that land. We've transferred about as many as we can of those big blocks that are cleared and are easy. In this process, as far as Alaska is concerned, the transfers that take place as we go further will be the more difficult transfers to process, because of the conflicts of ownership within the areas.

The State has overselected, has overidentified its lands for selection by about 25 percent. We are requesting the State of Alaska to prioritize its selections, and they're having some difficulty in doing that. Their last selection, quite frankly, surprised most of the people in the Bureau of Land Management in Alaska, because it was in an area that our previous information did not lead us to believe that they would select. However, the State did put that area on its selection list.

We are requesting the State to set priorities, so that we can identify the areas where we need to look at the native conveyances and other land conflicts, so that we can maintain the schedule of transferring 13 million acres a year, until we've transferred all the land to the State that it is entitled to. At that time, when those State and native corporation conveyances are concluded, the Bureau's presence in Alaska will be confined to about 75 million acres. We do see—and this is unfortunate, perhaps—but we will probably have a more difficult pattern of landownership to manage there, once all of the selections are completed.

Senator McClure. I'll have to take the recess now. I'll be back in a few minutes. Thank you very much.

[A brief recess was taken.]

WITHDRAWAL REVIEW

Senator McClure. Thank you for your patience.

Mr. Burford, BLM is required to review all existing land withdrawals by 1991. Your 1983 proposal calls for a reduction of $400,000, but your justifications state this reduction will not result in any decrease in withdrawal reviews. If it doesn't slow down the review, what is being reduced? That's a 10-percent reduction. And why won't a reduction in classifications reviewed slow down the withdrawal review effort?

Mr. Burford. In 1983, all BLM withdrawals will have been reviewed, and other agency withdrawals will remain. The 9-year other agency review schedule will depend on other agencies' funding programs and cooperation. BLM will be negotiating schedules with the other agencies in 1982.

Senator McClure. Have you had a look at their 1983 efforts, to know whether or not they will have a schedule, and funding, that's sufficient to allow you to complete your work, because the mandate is on BLM?

Mr. Burford. The mandate's on BLM, but the other agencies seek their own funding for that work.

Senator McClure. They may, but you have the responsibility. That may not be fair, but that's the way it is.

Mr. Hildebeidel. The Department has been meeting with officials of the Defense Department to persuade them to give funding for withdrawal review a higher priority in their own budgeting efforts.

Senator McClure. They haven't done it yet?

Mr. Hildebeidel. I think it is still under negotiation with the Defense Department.

Senator McClure. I found one thing that was a little helpful a few years ago, and that is we made the responsibility that of the President, and it certainly did get more attention underneath when it was pointed out that the agencies were forcing the President to violate the law. Maybe we ought to do something like that here. Certainly those other agencies, if that's where the funding is going to be, have to come up with the money, but until then it would seem to me that you still, under the statute, have the responsibility of seeing that it's done, even if you have to find the funding within your own funding. If OMB says it has to come under the other agency, then OMB is going to have to see that it's done there.

Mr. BURFORD. We may have to take that up with OMB—Defense is a little bit difficult to deal with in a lot of areas, I find. Almost as difficult as Commerce.

PAYMENTS IN LIEU OF TAXES

Senator MCCLURE. On payments-in-lieu-of-taxes, I have discussed this with the Secretary. Your request is for $45 million, and I know that you are not the only decisionmaker in that issue. But isn't it your judgment that lots of counties really need those funds, in view of reduced payments in timber and other resource-related receipts? Isn't the demand on the fund going to be greater, rather than lesser?

Mr. BURFORD. It will probably be greater, but in looking at the overall budget picture of trying to operate under reduced budgets, we have made the decision that $45 million is an appropriate level, and that is our request.

Senator MCCLURE. The $45 million, was that your request to the Secretary?

Mr. BURFORD. Yes, sir, it was.

Senator MCCLURE. Was that based upon the assumption that we could come up with a new formula for distribution, or was it just going to be 45 cents on the dollar?

Mr. BURFORD. It was based on the assumption that we would have a new distribution formula, and the Department is working on this.

Senator MCCLURE. I know you were last year, too.

Mr. BURFORD. Yes, and we didn't get it through Congress last year. We are continuing to work on a new formula.

Senator MCCLURE. If you ever get that formula, I will listen to the request.

I know that this is a tough situation for you, in a personal sense, but let me just make it on that basis. You come from the West. You come from a public land State in a public land area.

Mr. BURFORD. You're making it about as tough as you can, because I was one of the ones that worked on the original formula and presented it to Congress.

Senator MCCLURE. Right, and the payments-in-lieu-of-taxes formula that we have is minimal. The Federal Government likes to own all this land, but they don't like to pay for it; they like to be the landlord, but they don't want to make the payments that a landlord is required to make.

Mr. BURFORD. I got switched from one side——

Senator McCLURE. You're on the other side of the table, now.

Mr. BURFORD. And I think you recognize that.

Senator McCLURE. Yes; I think so, but if it was just before, it's just now, and we kind of hoped that when you shifted from one side of the table to the other, you would take some of your ideas with you.

Mr. BURFORD. I have taken as many as I can, Senator. I think you recognize that.

Senator McCLURE. Yes, I do, and I hope that you will look deep into your soul and find error in your recommendation at the present, and justice in the recommendation that you held before.

Mr. BURFORD. I made the comment before I got in this job that I wasn't sure that Federal bureaucrats have souls. But I don't know whether I'd better keep maintaining that forever.

Senator McCLURE. Now, you are one.

Mr. BURFORD. Yes; I am. Before, I couldn't even spell it, and now I are one.

Senator McCLURE. That's correct.

Mr. BURFORD. We have to look at the overall Federal budget, and within that context, we feel that this is a fair allocation. Now, I think that all of us recognize that budgets are approximations of actual requirements. In some areas, they will be over, and some areas will be under. We have a target to meet, and we feel that the budget that we are presenting is as fair as we can make it.

Senator McCLURE. You still own land out in Colorado?

Mr. BURFORD. Yes, sir.

Senator McCLURE. And you're assessed taxes on that land, aren't you?

Mr. BURFORD. Yes, sir.

Senator McCLURE. You don't have the option of saying: This year I think I'll only pay half as much.

Mr. BURFORD. No, sir. Point well made.

RANGELAND MANAGEMENT

Senator McCLURE. One of the most troublesome aspects of your 1983 budget is your reduction in grazing and range management. For example, the range improvement fund obligations are anticipated to be reduced $2,200,000 in 1983—that's a 17-percent reduction—due to the reduced grazing fees and receipts in 1982. Grazing management appropriated funds are also reduced in 1983, down $3,800,000. That's an 11-percent reduction. Furthermore, you have recently issued a new policy on expenditure of rangeland improvement funds that will target existing funds to the highest priority areas but that will also begin to shift the cost of maintenance of rangeland improvements to the livestock operator.

I am concerned at the rationale and the reasons why. You as an individual certainly know a great deal about the details of range management and the relationship between the livestock user, livestock operator, and the Federal landowner. And it's a little disturbing to many of us.

We don't quite understand this reduction in rangeland improvements when all of the studies in the past have indicated a great need in this area.

Mr. BURFORD. One of the things that we're doing is encouraging the use of private funds in rangeland improvements, Senator; and it is a thrust probably not only in this area but also in a lot of other areas where we will be encouraging the use of private moneys. As a former permit holder on BLM lands, most of the improvements that I made on the particular allotment that I had were made with private funds under section 4 permits. I am a great believer in private participation in those improvements, and this may be a reflection of some of my own attitudes.

I recognize your concern about the decrease in funding and in improvements. I also have some concern, but in the overall budget picture we have to prioritize, and that's the way the priorities came out.

SHIFT OF COSTS TO LIVESTOCK OPERATORS

Senator McCLURE. I understand that, but at the same time, if we're going to shift more of the responsibility to the livestock operator, remembering that these are multiple use lands, and that the rangeland improvements are not just single purpose improvements——

Mr. BURFORD. We recognize that.

Senator McCLURE. They benefit the fish and wildlife. They benefit range stability. They benefit water management. That's the purpose of rangeland improvement, not just to improve livestock grazing. But if we're going to make a conscious shift toward putting the cost on the livestock operator for his own benefit and the public benefit, then it seems to me that there ought to be a corresponding reduction in the grazing fee, because the grazing fee is premised on the existing level of Federal involvement in rangeland improvement. And if the rangeland improvement is not going to be done by the Federal Government, then the grazing fee is not worth the same, and the market analysis ought to change.

Mr. BURFORD. Then I think that you will get a chance to take that into consideration when the formula on the grazing fee comes up for perusal in 1985. Some of that grazing fee is predicated on the fact that there are fewer improvements on public lands than there are on private lands—as you know, since you had a part in establishing the fee formula.

Senator McCLURE. But at least it's based upon the current policy. If we're going to have a change in policy that indicates there will be fewer public investments and greater emphasis on private investments, then the existing calculations are skewed to higher value for grazing rights.

I have suggested for a number of years that we ought to get the rangeland user, the livestock operator, the person who is out there in a commercial operation, to invest more of his capital in it. But in order to do that, we have to recognize in some manner the fact that he is doing it for the public, something that is of value to the public. The Government has consistently over the years been very reluctant to recognize that a permit is any kind of right, and they were afraid to allow the livestock operator to make an investment that was spread over more than 1 year.

Mr. BURFORD. We recognize that.

Senator MCCLURE. Because they were afraid they might invest some right in the person making the investment.

But I have suggested that we ought to be able to enter into arrangements with the rangeland user for investments in rangeland improvement that otherwise would have been financed out of the Treasury, and offset that against his grazing fees, as a way of getting more capital into rangeland improvement without it having to come directly from the Treasury.

Mr. BURFORD. One thing I think will offset to a certain extent some of this is the new policy we have adopted on the range improvement funds, which definitely will mandate that they are spent on on-the-ground improvements and will not be used for preparation of environmental impact statements and/or administrative costs. This is a change, and as you probably know, the Western Governors' Association had a task force which spent about a year looking into this. We have adopted almost all of that task force's recommendations concerning range improvement funds, which will help to alleviate some of the decrease in funding requested in this budget because it will assure that all those moneys are spent in on-the-ground improvements on the range.

FUNDS FOR ON-THE-GROUND IMPROVEMENTS

Senator MCCLURE. Are you going to be able to reduce the off-the-ground expenditures, as contrasted with the on-the-ground expenditures, to the extent that you have had a reduction in funding? Are you telling me that there will be as much on-the-ground expenditure under this budget?

Mr. BURFORD. No; there will not be as much on-the-ground expenditure in the budget.

Senator MCCLURE. And I read, then, on page 94 of your justification, at the bottom of the page: "In keeping with these needs, the Bureau is developing an improved policy for meeting the objectives of the grazing program. This policy is in response to a number of factors." And look at No. 2 in that list of factors, "the need to increase expenditures for on-the-ground development and to accelerate its pace" et cetera, and yet, faced with the need for increased expenditures, you have decreased expenditures.

Mr. BURFORD. Every justification is made with budgetary constraints in mind. I think that the reference here is in some degree to a change in policy as far as the new range and grazing policy which has been sent out over my signature and which will provide for range assessments over multiyear periods instead of one time, vegetative analysis on 1-year periods. I have disagreed quite violently with this method in my past experience, and I changed it after I came into the Bureau, because, being familiar with desert ranges, I don't think that anyone is capable of making that assessment on a 1-year basis. I think the range should be assessed on a trend basis, and that is the way it will be assessed in the future.

PRIVATE INVESTMENTS IN RANGE IMPROVEMENTS

In answer to one of your statements about the concern of some people that allowing the individual to invest in public lands would produce some kind of a right, I think that has been decided by several cases which have gone to the Supreme Court. The first was back in the late 1930's—the *Utah* case—which went to the Supreme Court; and the Supreme Court has consistently held that no private range investment can establish a private right in the public lands.

I feel, and I think that the Court has upheld that feeling, that encouraging private investment, whether it be by the livestock user or wildlife clubs or recreation people or whatever people, does not in any way give them a right to that land; and we will continue to encourage private investment.

This does not necessarily mean only from livestock people; it also will be encouraged in other sectors of users of public lands.

Senator McCLURE. I agree with the statement that you have made that they cannot create a right, but if you're going to make an investment that is to be recovered over a period of years, and has a permanent value, and it is to be recovered over a period of years, cannot be fully recovered in some years, there has to be some way of protecting the person or the individual that makes the investment, or the investment won't be made.

Mr. BURFORD. That's right. We intend to put some protection in there, taking into account depreciation in the event that a permit is canceled or given to someone else, that investment can be protected. We are in 10-year leases now.

Senator McCLURE. And the 10-year leases give you an opportunity to spread the capital investment over a longer period of time, assuming that the investment was made at the beginning of that lease period. But even those leases have provisions for cancellation and changes or transfers?

Mr. BURFORD. Yes; that is correct.

Senator McCLURE. And I think that's a continuing problem that we need to set our minds to, to try to make work better.

COST-BENEFIT ANALYSIS OF PROJECTS

Your statement refers to the cost-benefit work you do in evaluating potential improvements. What discount rate do you assume when calculating net present value?

Mr. BURFORD. We'll have to supply that.

Senator McCLURE. If you would.

[The information follows:]

NET PRESENT VALUE OF RANGE IMPROVEMENTS

The interest rate published by the Water Resources Council for use in formulating and evaluating plans for water and related land resources has been used in all cases. In fiscal year 1982, that rate is 7.625 percent. The Bureau is currently considering bureauwide adoption of a computer model that yields present net worth, B/C rates, and internal rate of return at 4 percent (the rate used by the Forest Service), the WRC rate and at 10 percent (a rate used by OMB). The interest rate and procedures used to screen investments will depend in part on ongoing negotiations with OMB.

COST-BENEFIT ANALYSIS PROCEDURE

Senator MCCLURE. Would you also supply for the record a detailed explanation of the procedure used in that cost-benefit analysis?

Mr. BURFORD. Yes; I will.

[The information follows:]

The Bureau has had economic analysis procedures available for field use since the late 1960's. In 1976 an effort was made to apply benefit-cost analysis to rangeland improvements proposed in grazing EIS's and land-use plans. Although several different economic evaluation models were developed, tested, and used on a local area, the use of consistent, bureauwide economic analysis has not occurred. The Bureau is currently developing policy and procedures that encompass the use of economic and other criteria to evaluate and prioritize proposed rangeland improvements. This final policy and procedure will be issued in May 1982.

RETURN ON RANGE IMPROVEMENTS

Senator MCCLURE. Also, at the currently budgeted level, you are proposing to finance those improvements with some kind of a return on improvement. I would like to have that for the record as well.

Mr. BURFORD. All right. We will see that you get it.

[The information follows:]

Since a final rangeland improvement policy requiring the consistent application of economic and other criteria has not been implemented, it is difficult to give a definite answer regarding the type of return improvements must yield to be financed. Information at hand suggests that the generally unconstrained approach to proposing rangeland improvements has yielded many proposals that have not been cost effective. The Bureau's policy will be to focus on funding the most beneficial (or cost-effective) proposals first. In the next few years, we expect that the majority of investments will have benefits exceeding costs or a positive present net worth.

WILD HORSE AND BURRO FUNDING

Senator MCCLURE. Wild horse and burro funding is proposed for a reduction of $1,100,000 in 1983. You still have about 30,000 excess animals to remove. Why doesn't it make sense to accelerate that activity at this time, rather than cut it back?

Mr. BURFORD. We're hopeful that some legislation which has been introduced from the outside will pass, and that legislation will allow us to have better control over the populations of wild and free-roaming horses and burros.

Senator MCCLURE. Isn't it fair to say that your 1983 level does not keep up with population growth anticipated in 1982 and 1983?

Mr. BURFORD. It probably just does maintain it. We did have larger gatherings in 1981 and anticipate more gathering in 1982 to reduce some of the excess animals on the range. We have cut back the number of removals in 1983, from 11,356 in 1981 and an estimated 12,000 in 1982 to 10,100 in 1983. We have been able to reduce some of the costs on an experimental basis such as in Oregon, where we got some cooperation from other interested parties in helping to gather horses. Perhaps we may be able to increase the number of animals gathered, assuming that we get some relief from current restrictions through proposed amendments to the act.

Senator McClure. I hope, of course, that we can get those proposed amendments. I understand what you're saying with regard to the hope that there will be some relief from that act, but if those proposed changes are not made, we will still see a population growth increase, even though your gathering rate may be maintained at the same level for 1982.

So you're betting on the passage of legislation that you're not sponsoring, that the administration has not yet supported.

Mr. Burford. We hope to be able to support it.

Senator McClure. I hope you can support it, too, and I guess that's why I am asking the question, because you know and I know that we can freeze policy, but we don't freeze the stallions' activities.

What's the rate of population growth of a herd unrestrained? How fast does it double?

Mr. Burford. There is a 25-percent increase, so it would double in 4 years.

Senator McClure. Double in 4 years.

Mr. Burford. Probably a little less than 4 years, actually. That's assuming constant weather.

Senator McClure. A horse has no natural predators; there's only one——

Mr. Burford. Yes; that is correct.

Senator McClure. Only two controls: One is food supply and the other is activities of man; isn't that correct?

Mr. Burford. That's correct.

Senator McClure. If man doesn't control it, food supply will. And that means the food supply is at the expense of every other value on the range.

Mr. Burford. That is right. That's very apparent in some areas, where the population has increased too much.

GRAZING MANAGEMENT

Senator McClure. Are you going to meet your 1988 preparation schedule of 144 EIS's?

Mr. Burford. Yes; we will complete 144 EIS's by 1988.

Senator McClure. You're increasing funds for long-term monitoring of grazing permits and range conditions, and reducing funds for inventory work. Does that impact upon your ability to meet that schedule?

Mr. Burford. No; it does not.

Senator McClure. Where do you stand now in completing the EIS's? Are you on schedule, on target?

Mr. BURFORD. I think we are fairly close. In 1982, we estimate completing 20 EIS's on 25.5 million acres and 16 EIS's on 16.7 million acres in 1983. The total will be 58 EIS's on 61.6 million acres from 1984 to 1988, which will bring the total acreage completed to where we're supposed to be.

Senator MCCLURE. So you anticipate meeting the schedule.

Mr. BURFORD. Yes, we anticipate meeting it.

Senator MCCLURE. What reactions have you received from the grazing community on the proposal to shift improvement maintenance costs to the livestock operator?

Mr. BURFORD. Some of it has been varied. Most of the people that I have talked to agree with the shift. There has been some reaction, though, that is not concordant. I think in your particular state it has been accepted very well. In fact, I think Bill Swan made the statement that in his area most of the ranchers would be willing to match funds, even the range improvement funds, on a dollar-to-dollar basis, as far as improvements were concerned.

Senator MCCLURE. I think there's probably some expectation there—some figure there, with respect to the process of the EIS, where they are faced with massive reductions in some areas. And in those areas, they are grasping at straws. They are willing to make more expenditure, because if they don't, they're out of business. It's not really a free choice as to whether or not they will accept this policy.

Mr. BURFORD. I think, in general, the acceptance has been better than perhaps would be expected.

Senator MCCLURE. We will look at that rather closely, as I am sure you would expect us to.

Looking at your personnel reductions in the grazing area, you are proposing the following reductions—page 97: range conservationists, 30; range and engineering technicians, 38; natural resource specialists, 6; archeologists, 2; clerks, 4. This is a total of 80 positions that you are proposing to terminate.

Of those 80, 93 percent of them are directly related to range and grazing management activities, while 7 percent are in support positions. Why that imbalance? Won't the rangeland conditions inevitably go down as a result of that proposal?

Mr. BURFORD. We don't think so.

Would you go through that, Del? I had the wrong figures in mind on this, apparently.

Mr. VAIL. I gave you the wrong figures. It's 60 with a lapse of 20, which would be a total of 80 positions.

SUPPORT POSITIONS IN GRAZING PROGRAM

Senator MCCLURE. Whether it's 80 or with the time lapse in getting it accomplished only 60, it's still a 93-percent reduction directly related to range and grazing management, and only a 7-percent reduction in support positions, and if I hear anything from my people out in my State, it's that "you've got too many support positions, and not enough people out on the land."

Mr. BURFORD. Roger, would you explain that some of these support people are funded in other activities, according to the budget analysts?

Mr. HILDEBEIDEL. Mr. Chairman——

Senator McCLURE. You're going to have to explain that to me.

Mr. HILDEBEIDEL. Obviously, in this particular program, the bulk of the positions that are funded from grazing management funds are range conservationists and range technicians. That is the large bulk of the people who are working in this program.

There are only a very small number of positions funded from this program that are of the support category, and those people, those types of positions, are also funded from other subactivities in this budget. So the great preponderance of the people funded from this program are range conservationists; therefore they bear the greatest brunt of the reduction in this program.

Senator McCLURE. All right. The other question would still remain, though: If you target 80 positions and you actually succeed in eliminating 60, won't some of the rangeland management decline, and won't rangeland condition decline to some degree?

Mr. HILDEBEIDEL. We're hoping to shift some of the effort of the people who are in the program into monitoring and allotment supervision, and thereby at least try to maintain the condition of the rangeland.

Senator McCLURE. I notice that you have got 80 positions taken out. Not one of them is a secretary, and I don't mean "the" Secretary, I mean a secretary.

Mr. HILDEBEIDEL. There are a couple of clerks, I believe, sir, on the list of positions. Clerical people.

Senator McCLURE. They are carried as clerks?

Mr. HILDEBEIDEL. There are four clerks on that list.

Senator McCLURE. That's not the normal ratio, 76 to 4, is it?

Mr. HILDEBEIDEL. I really don't know what the ratio overall in the budget is.

Mr. BURFORD. I don't know what that ratio would be, either. I have never looked at it from that angle.

Senator McCLURE. Mr. Burford, you're recently from the private sector. You know the suspicion that's out across the rangelands of the West that when there's any reduction in personnel, the people that get laid off first are the people that do the work, and the people that stay are the ones that ride the chairs.

Mr. BURFORD. I think maybe I had better take a look at that particular ratio.

Senator McCLURE. I thought I would trigger some recollection of that suspicion.

Mr. PETTY. I can respond in part to that. Part of the clerical help that you ordinarily attribute to this particular program is being performed through automatic data processing. For example, all your range billings come through that process. Your ratio of clerical help to your on-the-ground people would be relatively small; and reducing, for example, your inventory crews would not necessarily reduce the clerical help.

Senator McCLURE. I wonder if you could provide for the record just the overall ratio of support personnel to on-the-ground work, and compare it to this reduction.

Mr. BURFORD. We can.

[The information follows:]

PERSONNEL RATIOS

Clerical personnel make up 8.7 percent of the total workforce in the Bureau's grazing management program compared to a bureauwide clerical workforce of 12.4 percent.

The reduction of support personnel in the grazing management subactivity is 4 out of 80, or 5 percent of the reduction.

REDUCTIONS FOR SOIL AND WATER ACTIVITIES

Senator McCLURE. Earlier, we mentioned that soil and water activities will be reduced in 1983 by $2,300,000, down 13 percent. The primary impact will be in inventory work, monitoring, and in management operations. What do you think will be the impact of these reductions on the soil and water condition of the BLM lands?

Mr. BURFORD. On the land itself?

Senator McCLURE. Yes.

Mr. BURFORD. I don't believe there will be any impact on the condition of the land itself.

Senator McCLURE. Do you think we have been spending $2,300,000 too much on soil and water activities in the past? Or is the work done and it doesn't have to be done anymore?

Mr. BURFORD. A lot of it has been done. But——

Senator McCLURE. All I heard for the last 4 years is that the BLM has done a lousy job of managing the range. They were in terrible condition, and getting worse.

Mr. BURFORD. I am not sure that I would agree with that statement.

Senator McCLURE. All right. I give you the opportunity to disagree.

Mr. BURFORD. Having been on the ground personally, and having been associated with BLM lands throughout my lifetime, on the lands that I have observed, there's been general improvement. Admittedly, the condition was bad when the Taylor Grazing Act was passed, but I don't think that deterioration has been continued. There's been a reduction in the amount of livestock almost throughout the history, since the 1940's, when those permits were first set up.

And in the areas that I am personally acquainted with, the lands have improved. The soil cover has improved in almost every area that I am personally acquainted with. In your particular area, in Idaho, I think there are some ranges in which carrying capacity increased as much as up to 180 percent of what it was originally permitted for.

Senator McCLURE. But the EIS studies that are underway now propose reductions of 50 percent or more in many of those areas.

Mr. BURFORD. I am not familiar with that particular EIS to which you refer.

Senator McCLURE. There's more than one.

Mr. BURFORD. I know some of them do.

In the past I have disagreed with some of the conclusions of certain EIS's, and that is one of the reasons I have proposed a monitoring system instead of the one-time look at range.

Senator McCLURE. One of the things that was done in the EIS, the first of the EIS studies that I saw in Idaho, was an assignment of forage for wildlife. That had never been done before. It had never been done formally; let me put it that way.

In the measurement of range forage, there was an establishment of how many AUM's of use could be permitted within a grazing allotment. Then suddenly, as the EIS was started, there was an assignment of the identical forage, the identical forage, for wildlife purposes, and in some of those EIS's, it was proposed that 60 percent of the available forage be allotted to wildlife. Well, if that's something that is justified now, then you were 60 percent off before.

Mr. BURFORD. Are you referring to the Challis EIS?

Senator McCLURE. Yes; and there are a couple of others. Bennett Hills——

Mr. BURFORD. Del, are you familiar with that EIS, Bennett Hills?

FORAGE ALLOCATED FOR WILDLIFE

Mr. VAIL. What the Senator is saying is correct. Prior to the EIS process, when we did the range survey, there was no allocation for wildlife. We had what we called 7IR, which means the rocks are too steep to graze on and so these are set aside and considered for wildlife. In those days, even the State and wildlife institute didn't have a number——

Senator McCLURE. But the wildlife was still there, and the domestic animals were still there.

Mr. VAIL. It was not a formal allocation, so when we started into this process, the sophistication of the State wildlife agency increased in coming forth saying how many animals they had inventoried in the area—then we did do a definite allocation for wildlife.

Senator McCLURE. But that definite allocation was in an area where both wildlife and domestic animals had been for at least 40 years—40 years, formally, under the Taylor Grazing Act—and you can't suddenly make an allocation of 60 percent of something where there had been zero allocation before, without impacting the AUM's allowed within that area. And yet, both domestic animals and wildlife were in that range before, and the range condition was improving. The Challis was not improving—due to the peculiar circumstances of wild horse herds and climatic conditions in that particular area, but up in the Challis area you had the steepness of the hill. It was determined that that was not suitable for grazing, and therefore had zero AUM's on it. Yet you go out there and look and there are some dumb cows up there that didn't know it was too steep.

Mr. BURFORD. To get on?

Senator McCLURE. Yes; and they were there, eating away, as they had been for years and years. All of a sudden the BLM says, "Those are dumb cows; they shouldn't be there." You know, I get a little concerned when we suddenly make shifts. Those shifts are very easy to make in terms of policy or management on a piece of paper. But when they begin to impact on the people that are out there on the land, it's not just an academic exercise.

Up on the Salmon River, we are going to drive the ranchers out of that Challis area, and when the ranchers are driven out of that Challis area, along that branch of the Salmon River, what's going to happen to that land? I know what's going to happen. They will subdivide, and when they subdivide, and that stream is all lined with residences, what's going to happen to the wintering ground for the mountain sheep that are on the public lands that are not in private ownership?

Those ranchers have kept that wild sheep population alive and well through the winters, and all of a sudden, you're going to have a massive wildlife problem, because of the change in grazing policy. It's an academic shift within the BLM, but it's a real shift on the ground. I don't think you have solved all the problems yet out there.

Mr. BURFORD. I think that there will probably be problems left out there when I am long gone.

BLM PERSONNEL ATTITUDES

Senator MCCLURE. A lot of the problems lie in the attitude of the people you have out there. I have to say that. We had a problem in the district of the BLM which is in the southeastern corner of Oregon. We didn't know what that problem was, but we knew it was severe. Well, the man who was the administrator there, the director in that area, has now retired, and he is more candid in what he says. Now we know what the problem was, because he now says this is desert land. There ought not to be any domestic livestock on it, period. You have still got some of those people within your organization.

Mr. BURFORD. They are not making those statements within my hearing, I might say.

Senator MCCLURE. They don't make the statements. They just have the attitude and warp the decisions toward that attitude. He didn't make that statement while he was employed by BLM; he only makes the statement now that he's retired.

And you still have some people out there that have that attitude. They are trying to get the domestic livestock off the land, because they don't believe they ought to be there. It's desert land. There's no room for domestic livestock, so the ranchers have got to get out, and you have still got those people out there, and I can show you some of them. There are some of them in Idaho, and I am not talking about the State director this time—that was a different problem and a different question—but he wasn't the whole problem all by himself. He presided over an organization that had within it some people who had very different objectives from what you and I have, and from what the law says, and they are trying to achieve those objectives by management—even though the law doesn't direct it, nor even permit it.

LIVESTOCK GRAZING ON THE PUBLIC LANDS

Mr. BURFORD. I will say one thing—that the policy that I have implemented does not in any way head toward the elimination of domestic livestock from the public lands, and the law does not. If, in any way, I determine that personnel are reacting in that way, you may rest assured that that attitude will either change or those people will be moved. I firmly believe in the law.

Senator MCCLURE. I know you do.

Mr. BURFORD. And I will try to make sure BLM personnel abide by the law, and that their attitudes, private though they may be, are not expressed which are contrary to the law, if there's any way that I can possibly help it.

Senator MCCLURE. I believe you. I have a great deal of confidence in you, and I have no question that you mean exactly what you're saying. I think both you and I know how difficult it is to achieve what you just said.

Mr. BURFORD. We recognize that.

Senator MCCLURE. And if I get impatient, it's because people's lives are being affected out there.

Mr. BURFORD. I know exactly what you mean.

Senator MCCLURE. You have communities that are built and based upon the land use that developed over the last two or three generations of people, and I see people that have in the third and fourth generation of their family hoped to keep their family still in that same operation, and they are being squeezed out. And for many of us, we think squeezed out without adequate reason, not based upon the trend line of the quality of public lands—and I agree with you, that the trend line is up in general on public lands. I think they look better now than they did 20 years ago, and I think BLM can take some pride in the fact that they look better. That does not mean that they're in perfect shape or that they cannot be further improved, that there are not problems. But as long as the trend line is up, I don't know why we have to take actions that destroy the lives of people based upon those lands.

Mr. BURFORD. That's one reason for instituting the present policy that when the condition trend is up, you must be doing something right in the way of management. And if you are doing something right, it will not be necessary to reduce or change. If the trend line is down, then action should be taken.

CADASTRAL SURVEY

Senator MCCLURE. I have a number of other questions which I will submit for the record, some of them no less important than the ones I have asked; simply that we have run out of time. One question that I hope you will look at, and perhaps you can give me some advice concerning, and that is resurveys. We put money in cadastral surveys and USGS is doing some additional work. Forest Service is also doing some survey work. We used to have most of our problems with omitted lands questions along the meander lines of rivers, but now we're beginning to see some substantial property line shifts as a result of resurveys of Federal ownership, and if it were anybody but the Federal Government involved, the lines that have been in being and recognized for a long period of time would be maintained. But since the Federal Government is involved, we resurvey and move the line 300 yards, and somebody suddenly is very, very badly hurt by it.

We have some coming up in California in which they shift almost a quarter of a mile, and include all of the improvements in the land. That happens to be a Forest Service problem, not a BLM problem in that particular instance.

If it's unimproved land and you have the same ownership across the entire area, you move it over a little bit, the landowner gains a little bit on one end what was lost on the other end, and no problem. But if you have different ownerships at the two edges of that shift, it's quite different, or if you have improvements that are based on the lands that the Government now, on the basis of a new and presumably more accurate survey, you can have some very real impact on people's lives.

Certainly I admire the people who are out there surveying and I admire the new techniques that are used and I respect the professionalism that produces greater accuracy, but I wonder if in some instances that improved accuracy is really what we ought to be after. Maybe we ought to be after some stability and some justice.

Mr. PETTY. Can I respond to that?

Mr. BURFORD. Yes; I think we've had some cases where we've made some changes in land boundaries.

Mr. PETTY. Mr. Chairman, we would like nothing better than never to resurvey. Resurveys create one tremendous problem for us. We have a particular problem in California, of which you spoke. The old Benson Syndicate that did those surveys in the 1800's we know today, have known for a number of years, were largely fraudulent surveys. They were never actually made.

We get into a situation, as we are in the redwood acquisition out there right now, where we have got to go in and make a resurvey, and we have no choice but to survey the land as it actually exists. Where we impact on personal property, private property, we do our best to reconcile those differences. It is to both our benefit and the private party to get that land settled either in the State courts or we will work with them any way we can to settle those differences.

Senator McCLURE. If it were a private owner involved, though, and you went into court, that line wouldn't move an inch.

Mr. PETTY. That's right, but we try to get the private parties to settle their differences and recognize——

Senator McCLURE. But they don't have any choice. They settle on your terms or else. It's not an equal negotiating posture, is it?

Mr. PETTY. We agree, but we have no choice but to survey the line as it is. We're only establishing the line as the original deed called for.

Senator McCLURE. But that's all that's done between private property owners.

Mr. PETTY. That's correct.

IMPROVEMENTS IN SURVEYING

Senator McClure. I don't know where the substantial justice lies, but in my mind, if the Federal Government has been dealing with a set of lines that have been accepted by people for decades, in most instances over a century, and then suddenly the Government decides it wants to change its mind. Sometimes, there is a substantial injustice done. Perhaps you need legislative direction.

Mr. Petty. We certainly support legislation at times when it's necessary to straighten those lines out.

Senator McClure. Could we do it generically? You say they were substantially fraudulent surveys. If they were recent fraud, surely, but fraud over a century ago? How are you going to punish the people who were fraudulent? You don't even know where they are, do you, after 100 years?

Mr. Petty. We know they're in the ground somewhere.

Senator McClure. We don't know what their forwarding address is.

Mr. Petty. We could make a guess as to where they may be.

Senator McClure. In Idaho and throughout most of the west the basic surveys will run through the mid-1800's. I know they were done 1860–64, that range, and they were remarkably accurate if you consider the methods and the terrain and the value of land and the conditions under which they worked. They were paid by the mile. The more miles they covered, the more they got paid. It's amazing that they were as accurate as they were.

Mr. Petty. Particularly when you consider that many of them were done simply by tying a string or a rag around the wagon wheel and counting how many times that string went around. That was the distance.

Senator McClure. Regardless of the method, whoever performed fraud on the Government has had their rewards several times over, and the people that are there now didn't participate in that fraud, but they get caught. The omitted lands question is a different one. I don't know why just because the Government decides they want a certain ownership to a piece of land they have never asserted ownership to before, and suddenly the people that have had it for 75 or 80 or 100 years have got to get off because the Government is flexing its muscle. Nobody else in the world could get away with it. The court would throw them out so fast it would make their heads spin.

Mr. Petty. We hope it's certainly not flexing our muscle. I would hope that.

Senator McClure. But it is.

PROTECTION OF PRIVATE RIGHTS

Mr. Petty. We have laws. Congress has given us some leeway. We've got the color of title statute that provides some relief to us. We do participate with the private owner in protecting his property. There are many cases, too, where by accident or what have you, the private owner does get on to the Federal properties just simply through time. They lose track of where their property line is.

Senator McClure. And if there was no established property line, of course you have a different situation. But there is a point at which you pin down property lines and say it is not worth correcting past errors in justice as well as in terms of the resource values that are involved, and what you gain on one side you lose on the other, in many, many instances, so you spend a lot of time and inconvenience a lot of people and inflict substantial injustice on a number, with no net gain to the Government.

Mr. Petty. I wish it were quite that simple, where we could just say we will amend this deed.

Senator McClure. You don't have to amend the deed. You don't in private.

Mr. Petty. Well, in private the deed sets out the exact points.

Senator McClure. Yes; that's descriptive of the ownership, but the ownership is defined by the lines on the ground. That's well defined law, at least in my State.

Mr. Burford. It is in Colorado, too. Existence of the fence is recognized as the property line.

Senator McClure. Just because they don't like people shooting at each other.

Mr. Burford. That's a very good reason.

Senator McClure. It's an adequate reason, and there's nothing to poison a neighborhood quite like having some new guy coming in and having the property surveyed and wanting to move all the fences.

Mr. Burford. That has been a problem.

Senator McClure. There's some of those people pushing up daisies that got involved in it, and that's why they're pushing up daisies. It troubles me, and I understand the dilemma of the land manager. The reason that adverse possession is not exerted against the Government is because Government officials, by error or by fraud, could permit somebody to take something away from the Government. It has been felt that we need to protect the Government against that kind of error or fraud. There is a substantial other side to that, and it seems to me we ought to be looking toward the development of policy that says fraud or error that occurred a long time ago does not now need to be corrected.

Mr. Burford. If it's only a policy change, I assure you we can look into it. I'm really not too familiar with this particular instance you're bringing up.

Senator McClure. I think it would require a change by statute.

Mr. Petty. Yes, it would.

LEGISLATIVE CHANGES FOR SURVEYS

Senator McClure. I wonder if you could look at the question and perhaps formally or informally give us some advice as to how that could be affected by statute and whether or not we could construct some safeguards against recent fraud or abuse as distinguished from the ancient error or fraud that occurred a long time ago.

Mr. PETTY. Mr. Chairman, we will certainly look at that. It would certainly solve a lot of our problems, as well as your problems. A lot of these private relief bills are for that very same thing.

Mr. BURFORD. I'm familiar with those color of title cases in New Mexico, but I'm not familiar with the California instance you're bringing up.

Senator MCCLURE. It's growing, because we're getting more of those basic surveys done. They are much more accurate than they were in the past, and in any manual on surveying, there are certain guidelines used as to how far back you go to which base point for the beginning of this survey. If you want to go back to the beginnings of all the surveys and progress throughout the western United States, you're going to pick up an awful lot of errors.

Mr. BURFORD. I hope we don't do that.

Mr. PETTY. The whole northern California is just one big complicated mess, no other way to explain it.

Senator MCCLURE. The further we get into it, the more impossible it will be to develop any kind of an equitable solution because you'll have more and more people who have been changed. We had this omitted lands question up in the Snake River area in Idaho. And we don't know how to sort it out because some people have gone back and purchased from the Government again the lands which they thought they owned before because it was cheaper to pay for it again than to fight the Government in court. That's not justice. But now how do you correct it, because these people have already paid twice?

Mr. BURFORD. I hope we're not going to ask them to pay three times.

Senator MCCLURE. No; but can we relieve the people who didn't pay twice by saying now they don't have to pay, when others did?

Mr. PETTY. That is the issue that we have when we're facing private legislation up there. How do we correct——

Senator MCCLURE. I'll appreciate any informal thoughts you have. I'm not asking you for a formal submission that would require all the procedures necessary for a formal position, but it's a troubling question and I think we all ought to be concerned about it. It doesn't do any of us any good. It certainly doesn't do the Federal land managing agencies any good to have that kind of ill-will generated by something which is perhaps not more substantially based than some of these.

Mr. BURFORD. It does not sound like an extension of the good neighbor policy.

Senator MCCLURE. It is not.

Mr. BURFORD. We'll look into it, and if we have any ideas, we will get them to you.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. Thank you very much. I'll submit some further questions for the record.

Mr. BURFORD. We'll be glad to answer them. Thank you, sir.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

ALASKA LANDS PROGRAM

Question: Regarding non-energy related realty programs in Alaska, we understand that Native conveyances will be down in 1983 from 6 million acres to 4.5 million acres and that Native allotment cases will increase substantially, from 80 cases in 1982 to 2,500 cases in 1983. Are Native allotment cases higher priority than Native conveyances? Why?

Answer: The Native and State conveyance programs continue to be our highest priority programs in Alaska. The number of acres conveyed will decrease because the larger parcels have already been conveyed, and only small areas remain to be conveyed. In order to process and convey lands to the Native corporations and the State, it is necessary to resolve Native allotment conflicts. Thousands of applications for Native allotments under the 1906 Native Allotment Act are located within lands selected by Native corporations and the State. These applications are a prior existing right to lands and, if valid, have precedence over State or Native corporation selections. Therefore, they must be processed, surveyed, and conveyed before the Native corporations or the State can receive patent to the affected adjacent lands. Resolution of Native allotment conflicts in 1983 will enable us to maintain the Native and State conveyance programs in the outyears at levels described in the President's FY 1983 Budget.

RANGE IMPROVEMENT PROGRAM

Question: What savings do you anticipate from shifting improvement maintenance costs to the livestock operator?

Answer: By 1984, BLM will have saved approximately $3 million from current expenditures. This amounts to 75 percent of the range improvement maintenance cost now being funded from the range betterment fund and grazing management program. The savings will be used for on-the-ground improvements and monitoring of range allotment conditions.

ACID RAIN

Question: You have left in your 1983 budget $65,000 for acid rain activities. What will BLM do with these funds? Why does BLM need to do deposition monitoring? I want to get a total picture of the acid rain budget for 1983 because every other land-managing agency also has funds included in their budget. In total how many monitoring sites will BLM operate? Where? Who else will have monitoring sites? Do you know how many and where?

Answer: The $65,000 proposed for acid rain activities will continue operation of nine acid rain monitoring stations in eight western states: California (1), Oregon (2), Idaho (1), Wyoming (1), Colorado (1), New Mexico (1), Arizona (1), and Utah (1). The Bureau acid rain monitoring is filling large geographical gaps in several remote areas in the western United States providing data to determine national and regional background trends, and (2) As the administrator of large regions of public lands in the western United States, the Bureau is interested in the significance of acid precipitation as it relates to balanced natural resource management.

The nine BLM stations are indicated by large circles on the attached map that also shows 79 other monitoring stations in the National Atmospheric Deposition Monitoring network (Attachment 1). A complete list of the sites and agencies responsible for monitoring is also attached (Attachment 2).

More information may be found in the Interagency Task Force on Acid Precipitation, First Annual Report to the President and the Congress of the United States, January 1982.

WILDLIFE HABITAT MANAGEMENT

Question: Wildlife habitat management is also proposed for a reduction in 1983, a reduction that will total 1 million, 300 thousand dollars (-9%). The major items to be reduced are Habitat Management Plans, both their development and implementation (p. 107). Your justifications do not explain why this reduction is being taken. Why is it? What do you anticipate happening to endangered species? It seems to me that there is an obligation to increase resource management and protection efforts in line with pressures that result from development activities. How do you respond to that perception?

Answer: The wildlife program's budget is based on two primary considerations: (1) the needs of other high priority Bureau programs; and (2) priorities within the wildlife program.

Our first priority is to provide wildlife data and technical expertise to support management objectives in other programs, e.g., oil and gas and other energy/minerals development, livestock grazing environmental impact statements, and forest management. Another high priority program is monitoring and studies. Information collected through monitoring and studies is needed to ensure that existing programs and projects meet management objectives and to protect investments in existing HMPs. Support for monitoring also corresponds with our new rangeland management policy which emphasizes the need for monitoring changes in rangeland conditions and vegetation. With these priorities in mind, the effort devoted to the development of any new HMPs and the implementation of both planned and new HMPs was reduced in FY 1983 Budget. Existing HMPs must be maintained before new ones are developed and implemented.

The best way to increase resource protection in line with pressures that result from development activities is to make sure that good wildlife data are available to assess the development project and then to monitor the efforts of the project to ensure that management objectives have been met.

Endangered species will continue to be protected within the proposed funding levels. We are initiating programs to streamline the processes used to ensure compliance with the Endangered Species Act (ESA). An important part of this is the development of an automated data processing program for storing and retrieving information on endangered species. This is designed to speed up the project clearance process. A second program is the review of all our guidelines and instructions to ensure that all unnecessary delays concerning ESA compliance are removed. Our highest priorities for implementing HMPs are those that involve endangered species or are part of an approved recovery plan.

WILDERNESS

Question: BLM's wilderness program is proposed for a reduction of 1 million, 850 thousand dollars (-13%). This reduction is the net result of a decrease in survey work of 2 million, 350 thousand dollars and an increase of $500 thousand in assessment work (p. 119). This will support BLM efforts to do detailed survey work only on lands with wilderness potential. Will BLM still meet its 1987 deadline to do all wilderness studies?

Answer: BLM will complete wilderness studies on all 949 study areas (24 million acres) by September 30, 1986. The Geology, Energy and Minerals (GEM) two-phased assessments are conducted at an early stage of the wilderness studies process for WSA's in order to provide managers with an assessment of the mineral potential within each wilderness study area.

CADASTRAL SURVEY

Question: The Bureau got an increase of 2 million, 500 thousand dollars last year for cadastral survey work. Do you need more this year? What types of problems does BLM experience at the current funding level, for example, does BLM have "set-back" sales in their timber programs? Do you need more for Alaska? If you received additional funds for survey work in Alaska emphasizing land conveyances, would you need additional personnel? Would conveyances be your highest priority in Alaska?

Answer: The President's Budget for FY 1983 is $400,000 more than the actual appropriation for FY 1982, which included the $2.5 million add-on for the Lower 48 States. At the proposed level the Bureau can fully utilize the present cadastral survey work force and support ongoing programs.

BLM will experience no problems in meeting its cadastral survey objectives for FY 1983 at the proposed funding level.

The Bureau has not advocated "set-back" timber sales which is in line with the House Appropriations Investigations Staff Report on Cadastral Survey Problems, dated February 1979, which recommended against "administrative surveys" because such surveys create false boundary lines that invite trespass.

As was stated earlier in this answer, additional funding is not needed. However, if additional funding were given for Alaska land conveyance work, contracting would be used; and no additional personnel would be necessary.

Land conveyances in Alaska are our highest priority and will remain so until all entitlements are completed. This also means that before a patent is issued, the land will be surveyed and all third party interests identified.

O&C GRANT LANDS

Question: Oregon and California Grant Lands are proposed for an increase of $95,000 over 1982 appropriations enacted to date (p. 227). If you included in your 1983 request those funds needed for the 1982 pay increases and the 1983 pay costs related to the 1982 pay increase, O&C Lands would actually have a funding decline of about how much? What will be the impact of absorbing those pay increases? Is that one reason you are reducing FTE personnel by 50?

Answer: The total funding decline resulting from absorption of the pay increase would be about $1,245,000. The decline by activity would be:

- Construction and Acquisition	- $ 25,000
- Maintenance	- $ 199,000
- Renewable Resources Management	- $1,008,000
- Planning and Data Management	- $ 13,000
	- $1,245,000

A requirement to absorb the pay increase will have the following impacts on the various activities.

1. Construction and Acquisition - All workloads identified in the justification will be accomplished.

2. Maintenance - Certain non-critical maintenance of roads and recreational facilities will be deferred to future years.

3. Renewable Resources Management

    A. Timber Management - Such a reduction might require termination of the 3-P cruising program now being used on about 50 percent of the sales and return to the 100 percent cruise method. In addition, the intensity of timber sale contract administration would probably be decreased. However, the full allowable cut will still be offered for sale.

    B. Timber Development - A reduction of about $237,000 might reduce the planned pre-commercial thinning and planting acreage by 2,370 acres. This action would have no effect on the allowable cut level if funds are made available to make up the acreage within the next decade.

    There would also be minor impacts on the timber protection and other Forest Resources programs such as deferring non-critical maintenance on range improvements decreasing the number of contract cultural inventories, reducing the amount and intensity of streamflow monitoring and soil inventory, and deferring development of wildlife facilities projects.

4. Planning and Data Management - A reduction of $13,000 will delay full implementation of the Western Oregon data management system by curtailing equipment purchase.

The reduction of 50 FTE's in Western Oregon is not associated with absorbing the pay increases. It is simply an indication that there are higher priorities in other Bureau programs.

Question: In the timber management activity, you are requesting an overall increase of $857,000, the net result of a reduction of 1 million, 185 thousand dollars for the FS. Is this the first year you've requested O&C funds for the FS?

Answer: BLM has requested funds for the FS to manage O&C lands within the National Forests since 1961. Since then more than $47 million has been transferred to the FS.

Question: Does this funding level keep the timber sales program at the allowable cut level?

Answer: With the funding levels we have proposed, we will offer for sale the full amount of timber in the allowable cut plans.

Question: For timber management, you are proposing an overall increase of 3 million, 138 thousand dollars. What will be the major uses of those funds? Please describe the Forestry Intensified Research (FIR) program for us, in terms of how useful BLM views that research for its management needs?

Answer: Timber development rather than timber management has a proposed increase of $3,138,000. The funds will be used as follows:

- $108,000 will be used by the Forest Service to fund forest development work on those O&C lands managed by that Agency.
- $1,000,000 will be used to fund the Bureau portion of the Forestry Intensified Research program (FIR), which is, in effect, a base adjustment from the MLR appropriation to the O&C appropriation.
- $2,030,000 will be used to fund additional intensive forest land management practices to support new allowable cut plans in the Coos Bay and Salem, Oregon Districts. These intensive management practices are: Reforestation - 1,920 acres; Land Treatment - 4,000 acres; and Stand Improvement - 2,500 acres.

The 10-year FIR program is divided into two interrelated phases - the adaptive phase and the fundamental phase. The adaptive research and information transfer phase began in 1978 and is a cooperative effort of industry, county government, the USFS, and BLM in southwest Oregon and northern California. This phase is being funded in the base program at $300,000.

The fundamental phase became operational in 1980 as a cooperative effort between the USFS and BLM working through the Pacific Northwest Forest and Range Experiment Station and Oregon State University.

For BLM, both phases of this program are managed directly out of our Medford District Office. Both phases are designed and continuously maintained to determine those intensive forest management practices needed to accomplish timely reforestation on 168,000 acres of productive BLM forest land that is not presently included in the sustained timber base because these acres cannot be reforested within the mandated five-year period for reforestation of a forest site.

The adaptive phase of FIR is managed through an annual contract negotiated between Oregon State University and the Bureau. Only research projects needed to accomplish the goal of putting commercial forest lands back into production are authorized and funded. Research information is reported annually to the managers for immediate application in operational practices.

Prior to FY 1982, the fundamental phase was managed by the USFS. In FY 1982, $960,000 was made available to the Bureau in our MLR appropriation. The appropriation resulted in the drafting of a yet-to-be signed Interagency Agreement between the Bureau and the Forest Service. This agreement identifies those projects and levels of funding needed to accomplish the objective of gaining information needed to put commercial forest lands back in production.

Experimental research conducted on Bureau lands has been successful in providing information needed to support placing commercial forest lands back in the allowable cut base.

Question: Is there a reforestation backlog on O&C lands? If so, what is it?

Answer: The Bureau has 28,687 acres of understocked backlog consisting of: 12,058 acres of grass-brushfield reclamation, 11,785 acres of hardwood conversion, and 774 acres of noncommercial conifer conversion.

Question: What are the plans for eliminating that?

Answer: This backlog is decreased each year to the extent of our base funding level. The new 10-year forest land management plans being developed in western Oregon identify the program level to accomplish this work. As an example, the Coos Bay District South Coast-Curry plan identifies 1,278 acres of hardwood stand conversion to be accomplished over a 10-year period. Part of the requested FY 1983 program increase for timber development in the Salem and Coos Bay Districts would provide funds to do this work.

Question: What is the backlog volume of sold but unharvested timber on O&C lands?

Answer: On March 1, 1982, there were 2.7 billion board feet of contracted but uncut timber on Bureau-managed land in western Oregon.

The average volume of uncut timber on Bureau contracts ranges from 2.2 to 2.4 billion board feet, or twice the annual allowable cut. The 2.7 billion board feet is not considered a large backlog since most contracts have been of three-year duration with an estimated one-third of the timber cut each year.

Question: What is BLM's position on timber price rollbacks versus sales extensions?

Answer: The Bureau does not have authority to waive contract rights, that is to reduce contract prices solely to ameliorate economic ardships.

On March 14, 1982, we announced a continuance of the grace period that prevents defaulting on agreements to purchase and harvest Federal timber. This gives public land interests and the Department an opportunity to explore all possible solutions to problems timber purchasers and the U. S. Government are experiencing.

The original grace period was implemented effective October 1, 1981, and provided that timber purchaser agreements would not be held in default. Most of the contracts to harvest Federal timber managed by BLM are in western Oregon's O&C forests.

OIL AND GAS LEASING

Question: You have proposed an increase of 3 million, 750 thousand dollars (+21%) in oil and gas leasing. What is the distribution of this increase between processing additional leases and contending with additional post-lease activities?

Answer: We estimate that $1.1 million will be spent on processing additional leases. Post-lease activities will consume the remainder of the proposed increase. Post-lease activities include an acceptable level of compliance, processing assignments, prompt review of Applications for Permits to Drill, Notices of Intent, and Development Plans.

Question: Your justifications (p. 31) show the backlog of oil and gas leases declining to zero at the end of 1984. What will happen to oil and gas funding then? Will it decline? You estimate issuing more leases than are received in FY's 1982, 1983, and 1984. What does it cost to process about 17,000 leases per year and to keep up with post-lease activities? In other words, what will level annual funding be after the backlog is eliminated?

Answer: Overall funding needs are not directly proportionate to the annual number of leases issued. Since elimination of the backlog will result in more active leases, our post-lease workload can be expected to increase. Also, we believe that with so many additional leases issued there may be an increase in relinquishments which will result in a larger SOG program by 1985 and perhaps an increase in the number of leases issued in FY 1985. Another significant variable will be the new leasing program that is being developed in Alaska and the requirements of that program. As a result of all these factors we cannot predict future funding needs in this program at this time.

GEOTHERMAL

Question: You are proposing an increase of $550,000 (+24%) for geothermal leasing. Your justifications (p. 38) state that you plan to use the additional funding for post-lease actions and to initiate a simultaneous leasing program. However, your justifications also show (p. 37) that the number of new over-the-counter noncompetitive lease applications has gone down from 739 in 1980 to 450 in 1983. Isn't this decline a reflection of reduced demand? If not, why not?

Answer: The decline in the number of new over-the-counter lease applications is the result of a number of factors. There are only a limited number of parties actively pursuing geothermal development of Federal lands (currently about 250), and the lease acreage limitation of 20,480 acres per state per lessee is effectively keeping these leaseholders from acquiring additional leases. Also, with approximately 3.5 million acres currently under lease and another 3.5 million acres under lease application, industry may have already identified the maximum acreage of potential economic viability given current technology and resource knowledge. We believe the projected lease application rate for FY 1983 is a reasonable approximation of what will occur; however, advances in technology or resource knowledge could result in a higher lease application rate.

Question: You also hope to process 1,150 leases in 1982, more than 3 times more than in any other year. How is progress to date? Please provide a table showing this progress by month.

Answer: Progress reports are maintained only on a quarterly basis. The first quarter report indicates that 108 lease applications were processed. This rate of processing, however, is expected to increase substantially through the fiscal year as long-delayed environmental reviews are completed by field offices of both BLM and the Forest Service.

OIL SHALE/TAR SANDS

Question: You are proposing an increase of $372,000 (+11%) for oil shale leasing and $528,000 (+238%) for tar sands leasing. When you begin your combined hydrocarbon lease program, how will these costs be shown--under oil shale or tar sands or in a new category? No new personnel are requested for either of these increases. How will you be able to use these funds with no additional personnel? Is the increase for tar sands a fixed amount for a contract for the draft regional EIS?

Answer: Costs for the combined hydrocarbon lease program will be shown in the existing oil shale/tar sands program. The increases are for costs that are not associated with the need for additional personnel. For example, the increases will be used for printing and reproduction, other services (e.g., contracts), supplies and materials, equipment,and transportation of existing personnel. As a result, no additional personnel were requested to accompany the dollar increase.

The increase is not a fixed amount for a contract. Part of the tar sands increase will be used for producing an in-house draft EIS, using existing levels of staffing.

OIL AND GAS LEASING - ALASKA

Question: Could you provide for the record a comparison of past and future leasing costs and production levels for Alaska for offshore versus onshore sources? Please explain future assumptions and anticipated problems.

Alaska Onshore Oil and Gas Leasing Costs and Production Levels

	Leasing	Production	
Year	Costs ($000)	Oil (Barrels)	Gas (MCF)
1979	---	4,554,610	78,994,238
1980	---	3,937,311	81,370,875

1981	4,418	3,740,415[1]	85,439,419[1]
1982	4,331	3,553,394[1]	89,711,390[1]
1983	3,980	3,375,724[1]	94,196,960[1]

Alaska Offshore Oil and Gas Leasing Costs and Production Levels

Year	Leasing Costs ($000)	Production Oil (Barrels)	Production Gas (MCF)
1979	17,750[2]	--	--
1980	26,920[2]	--	--
1981	21,260[2]	--	--
1982	16,670[3]	--	--
1983	17,720[4]	--	--

There is no direct relationship between the amount of money spent on leasing in a given year and the amount of production for that year. This is due to the uncertainty of completing a producing well and development lag time associated with the completion of such wells.

[1] These projections are based on the oil and gas production performance since 1975. A factor of ± 5 percent was used to calculate the figures. No significant changes in production are anticipated until the National Petroleum Reserve - Alaska begins to produce. NPR-A production is not expected within the next 10 years.

[2] Actual costs.

[3] Planned cost targets for current year.

[4] Assumes budget appropriation at the level requested in the President's Budget (Budget Justifications) submitted to Congress in February 1982. Funding level is based on the March 1982 Five-Year OCS Oil and Gas Leasing Program Schedule.

NONENERGY MINERALS

Question: Non-energy minerals activities onshore is proposed for an increase of $450,000 in 1983. Does any of the increase relate to strategic minerals? If so, please explain.

Answer: None of the proposed increase relates to strategic minerals. An increase of $250,000 in the Mineral Material Sales program is proposed to process increasing numbers of applications for mineral material disposals.

An increase of $200,000 in the Mining Law Administration program is proposed to enable BLM to review an additional 40 plans-of-operation and 400 notices-of-intent filed under the 43 CFR 3809 regulation and to perform an additional 652 field compliance checks on activities conducted under the terms of the plans-of-operation and notices-of-intent.

FOREST MANAGEMENT

Question: Forest Management on non-O&C lands will be reduced 2 million, 200 thousand dollars (-27%). Why is this?

Answer: The proposed decrease of $2.2 million is made up of several separate parts. There is a $1.2 million decrease for western Oregon; $1 million is for the Forestry Intensified Research

(FIR) Program. Although this FIR program is an O&C western Oregon program, it was attached to the MLR, Forestry account in 1982. The transfer to the O&C account for 1983 is more realistic. The remaining reduction of $200,000 for western Oregon and $1 million for forest management outside western Oregon will be achieved by targeting commercial timber management activities to the most productive areas, reducing costs in less productive areas where sales are less cost-effective, and streamlining timber sales and forest management practices.

Question: Timber sales levels will be maintained at 97 million board feet. What will be reduced? You are also reducing personnel by 45 FTE. Won't that impair your ability to manage these lands?

Answer: Timber sales in the public domain Forest Management Program will continue at 97 million board feet. A $1 million funding reduction will be possible in FY 1983 because we propose to target forest management and commercial timber management activities to the most productive areas and to reduce costs in less productive areas where sales are less cost-effective. Program efficiencies will also be gained by reducing the level of inventory and planning associated with management practices since most of this workload has already been completed. Consistent with the FY 1983 budget policy, the following major workloads will be reduced:

1. Forest land inventories will be decreased by 115,000 acres, to 150,000 acres in FY 1983.

2. Activity plan preparation and completions will be decreased by 49, to 41 in FY 1983.

3. Pest control practices will be reduced or deferred on approximately 38,000 acres, to 12,000 acres in FY 1983.

4. Tree planting, and site and stand improvement efforts will be reduced by 500 acres, to 6,500 acres in FY 1983.

The reduction of 45 FTE's will not impair our ability to manage the forest lands because this reduction is consistent with the FY 1983 budget policy which reflects streamlining of timber management support functions and increased program efficiency resulting from the concentration of efforts on areas that will yield higher returns.

Question: For the record, please elaborate on the paragraph on p. 86 that states that BLM is reviewing the timber program to determine why management costs exceed timber sales receipts. State your policy on handling community stability benefits.

Answer: BLM undertook a review of the timber management program to attempt to isolate the reasons for the variations in cost-effectiveness of the program from area to area. This effort has concentrated on learning why in some areas the program is run more effectively than in others. We expect to be able to develop more effective program management methods, streamline various workload measures, and share information more widely among management and forestry specialists on those practices and methods that others have developed that make their forest management programs more cost-effective.

Our policy on community stability is to offer a continuous level of timber available for sale consistent with sustained yield and sound environmental practices.

FIRE MANAGEMENT

Question: You are requesting an increase of 1 million, 950 thousand dollars for fire management activities. These funds are needed to complete implementation of the Automatic Lightning Detection System (ALDS) and the Remote Automatic Weather Stations (RAWS). Please provide, for the record, the reasons that the BLM needs to supplement National Weather Service storm information. Also provide a complete funding history and prospective future funding needs. What year were funds initially included in budget estimates reviewed by the committee? Does the FS have a similar system? If not, why not?

Answer: Background - BLM initiated a ground station lightning detection program in 1975 to reduce the amount of detection being performed with aircraft and the consequent rising costs of aerial detection. This initial effort proved successful in Alaska and was transported to the western United States in 1976 on a trial basis. Again, the system proved very successful. By 1980 BLM, the Bureau of Indian Affairs (BIA), and the Forest Service had completed a network of lightning detection stations which covered the entire western United States and Alaska. As the system became complete, it was apparent that the sheer numbers of detected lightning strikes would overwhelm the use of the system for fire detection. BLM personnel were unable to separate the strikes that had a high probability of starting a fire from those strikes associated with wet rain storms. Also, BLM was handling all detected information manually.

The obvious solution was to integrate the lightning information with the fire weather information to attempt to distinquish which storms were dry and which were wet. Once this was done, it was feasible to integrate fuel and topographic information to obtain a probability of fire survival and the relative rates-of-spread of the fires. In FY 1981, a test was conducted to see whether this obvious solution was, in reality, a solution. Initial tests were favorable and were extended into FY 1982.

Why BLM and Not NOAA - BLM has ventured into lightning detection and remote weather sensing because the National Weather Service (NWS) has, for the past decade, de-emphasized the mezzo-scale fire meteorology in favor of synoptic weather. We recognize that their approach provides the greatest service to the greatest number of people; however, in the fire management areas, the synoptic type of meteorology does not provide the necessary detail to conduct fire detection and suppression. Since the mid-1960's, we have provided weather observations to the NWS in attempts to increase the forecast detail. On March 4, 1982, we were notified by the Director of the NWS that further de-emphasis on the fire weather program will be taking place over the next two years. With this de-emphasis, NOAA/NWS no longer has a viable fire weather program which can serve our needs.

If, in fact, NOAA/NWS did have a dedicated mezzo-scale fire weather program, we would favor NOAA's providing the entire lightning detection and remote weather station requirements of the Bureau of Land Management. However, until NOAA can meet our needs, it is necessary for BLM, with the cooperation of the Forest Service and other wildfire agencies, to provide this information so we can have fire weather forecasting, including near realtime predictions based on currently occurring meteorological events.

Interagency Nature of the System - The system we propose is an interagency system. Currently, both the BIA and the Forest Service are contributing to the system. Each agency and BLM has devoted base funds to get the program started. In the future, the information will be available to any agency that provides the required interface to obtain the information.

1. The system provides for 1,500 inputs from data collection platforms. BLM plans to use approximately 300 of these input ports. The other wildfire agencies are expected to use from 500 to 750. The remainder will be available to those desiring the input.

2. The system will also provide distribution to 53 BLM field locations. The Forest Service and BIA have already required distribution at some locations, and the NWS has obtained distribution of information at the Severe Storm Warning Center in Norman, Oklahoma. The system is designed to provide this distribution capability to approximately 1,000 users without expansion. To date we have provided information to:

   - Federal Aviation Administration
   - National Weather Service
   - Forest Service
   - Television stations in Portland, Oregon
   - Military
   - Canada
   - Several state fire organizations

We have also been contacted by a number of other users who have a strong interest in lightning detection and associated weather information.

Funding History and Outlook

1. In 1975, BLM tested two units in Alaska; these were acquired through lease. BLM cost: $24,000.

2. In 1976, BLM acquired six units from Management of Lands and Resources (MLR) appropriated funds. The Great Basin test was conducted that year. BLM cost: $72,000.

3. From 1977 through 1982, the ALDS network was completed (28 detectors and 29 remote weather stations were acquired). The network included contributions from the Forest Service (four detection units), BIA (one detection unit) and the California Division of Forestry (one detection unit). MLR: $162,000. Other Agency: $72,000. Annual Operation: $752,000.

4. FY 1983 budget estimate for providing automated distribution and maintenance: $1,950,000 request. Annual Operation: $308,000 from MLR in future years.

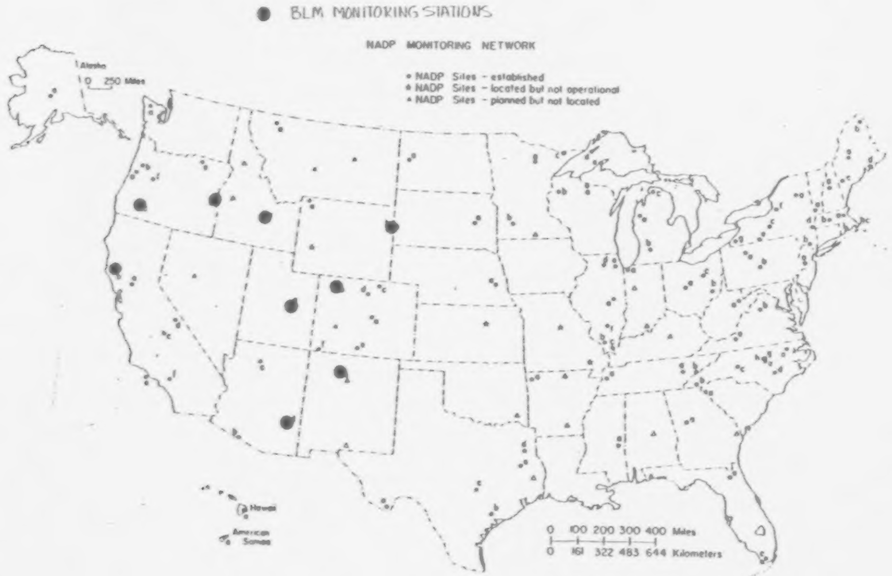
5. Future funding would be required to complete the Remote Automatic Weather System (RAWS) grid plus annual reoccurring costs from FY 1983 and distribution capability to 53 field offices. The estimated requirement at this time is $2,100,000, but no decision has been made about requesting these funds.

Upon completion of the system, BLM, with the support of its other Federal partner agencies, will have in place a system which will provide lightning information throughout the western U.S. plus a weather data collection system which would provide a data base for mezzo-scale meteorology and associated weather forecasts on this more detailed base.

PLANNING

Question: Planning is proposed for a 1 million, 500 thousand dollar reduction (-18%). With all the pressure on BLM for completing numerous reviews (e.g., wilderness, withdrawals, grazing, etc.), one would assume planning needs would increase. Why are they not?

Answer: The proposed reduction can be accommodated through streamlining the multiple-use planning process (reducing the time to prepare a resource management plan (RMP) rom 48 months to 20-24 months) with increased reliance on existing ata versus generation of new or updated land use planning data. Reductions will require continued reliance on MFP-amendments (us ng existing land use plans) in lieu of RMP's which cover larger areas.


● BLM MONITORING STATIONS
NADP MONITORING NETWORK
• NADP Sites - established
• NADP Sites - located but not operational
• NADP Sites - planned but not located
Alaska
0 250 Miles
Hawaii
American Samoa
0 100 200 300 400 Miles
0 161 322 483 644 Kilometers

Attachment 1

NATIONAL ATMOSPHERIC DEPOSITION PROGRAM SITES

Attachment 2

State	Code #	Site Name	County	Agency	Individual	Latitude	Longitude
Alaska (a)	020390	Denali (McKinley) N'l. Pk.		USDI-NPS	J. DalleMolle	63°48'	148°59'
Arizona (d)	030360	Oliver Knoll	Graham	USDI-BLM	D. C. Herkhof	33°04'	109°52'
Arizona (c)	030370	Grand Canyon National Park		USDI-NPS	L. May	36°04'	112°10'
Arizona (b)	030620	Organ Pipe Cactus N.M.	Pima	USDI-NPS	W. F. Wallace	31°57'	112°47'
Arkansas (a)	042700	Fayetteville	Washington	SAES-Univ. of Arkansas	G. H. Wagner	36°05'	94°10'
California (d)	053460	Bishop	Inyo	EPA/NOAA/WMO	J. Miller	37°22'	118°22'
California (f)	054200	Tanbark Flat (San Dimas)	Los Angeles	USDA-FS	P. R. Miller	34°12'	117°46'
California (b)	054540	Hopland	Mendocino	USDI-BLM	N. Ritchey	39°00'	123°05'
California (c)	057550	Sequoia-King's Canyon N. P.	Tulare	USDI-NPS	L. Bancroft	36°35'	118°46'
California (e)	058500	Channel Islands Nat'l Park	Ventura	USDI-NPS	Nick Whelan	34°01'	119°22'
California (a)	058840	Davis Site	Yolo	SAES-Univ. of California	R.H. Burgy	38°32'	121°46'
Colorado (e)	060060	Alamosa	Alamosa	EPA/NOAA/WMO	J. Miller	37°27'	105°52'
Colorado (f)	061530	Mesa Verde National Park	Montezuma	USDI-NPS	J. E. Smith	37°11'	108°29'
Colorado (b)	061560	Sand Spring	Moffat	USDI-BLM	D. Bray	40°30'	107°42'
Colorado (d)	061910	Rocky Mountain National Park	Larimer	USDI-NPS	D. R. Stevens	40°21'	105°33'
Colorado (a)	062120	Manitou	Teller	USDA-FS	P.G. Fox	39°06'	105°05'
Colorado (c)	062220	Pawnee	Weld	SAES-Colorado State Univ.	J.H. Gibson	40°47'	104°45'
Florida (a)	100360	Bradford Forest	Bradford	SAES-Univ. of Florida	H. Riekerk	29°58'	82°12'
Florida (c)	101190	Everglades National Park	Dade	USDI-NPS	P. Rosendahl	25°20'	80°40'
Georgia (a)	114140	Georgia Station	Pike	SAES-Univ. of Georgia	J.T. Walker	33°11'	84°24'
Hawaii (a)	120080	Mauna Loa	Hawaii	EPA/NOAA/WMO	J. Miller	19°32'	155°32'
Idaho (a)	130340	Craters of the Moon	Butte	USDI-BLM	K. Gebhardt	43°28'	113°34'
Illinois (a)	141160	Bondville	Champaign	SAES-Univ. of Illinois	G.J. Stensland	40°03'	88°22'
Illinois (d)	141800	NIARC	Dekalb	SAES-Univ. of Illinois	R. Bell	41°50'	88°51'
Illinois (e)	141980	Argonne	DuPage	rgonne National Laboratory	M. L. Wesley	41°42'	87°59'
Illinois (b)	143580	SIU	Jackson	SAES-Southern Ill. Univ.	G.M. Aubertin	37°42'	89°16'
Illinois (f)	144740	Salem	Marion	EPA/NOAA/WMO	J. Miller	38°39'	88°58'
Illinois (c)	146340	Dixon Springs Ag. Ctr.	Pope	SAES-Univ. of Illinois	C.J. Kaiser	37°26'	88°40'
Indiana (a)	153420	Indiana Dunes Nat. Lakeshore	Porter	USDI-NPS	J. R. Whitehouse	41°38'	87°05'
Maine (d)	200010	Acadia National Park	Hancock	Maine Dep. Environ. Protection	L. Carver	44°23'	68°14'
Maine (b)	200045	Caribou	Aroostook	EPA/NOAA/WMO	J. Miller	46°52'	68°01'
Maine (c)	200277	Bridgton	Cumberland	Maine Dep. Environ. Protection	L. Carver	44°06'	70°43'
Maine (a)	200935	Greenville Station	Piscataquis	SAES-Univ. of Maine	S. A. Norton	45°25'	69°40'
Massachusetts (c)	220155	NACL	Barnstable	USDI-NPS	M. K. Foley	41°58'	70°01'
Massachusetts (b)	220815	Caldwell Creek	Hampshire	SAES-Univ. of Mass.	D. L. Mader	42°19'	72°23'
Massachusetts (a)	221325	East	Middlesex	SAES-Univ. of Mass.	W. A. Feder	42°22'	71°14'
Michigan (c)	230920	U of M Biological Station	Cheboygan	SAES-Michigan State Univ.	J. Boyle	45°34'	84°41'
Michigan (e)	232240	Houghton	Houghton	USDI-NPS & EPA	Robert Stottlemyer	47°14'	88°32'
Michigan (d)	232570	Isle Royale National Park	Keweenow	USDI-NPS	Robert Stottlemyer	47°54'	89°09'
Michigan (b)	232660	Kellogg Biological Station	Kalamazoo	SAES-Michigan State Univ.	J. B. Hart, Jr.	42°29'	85°23'
Michigan (a)	235340	Wellston	Wexford	USDA-FS	D.H. Urie	44°13'	85°51'
Minnesota (a)	241660	Marcell Exp. Forest	Itasca	USDA-FS	E.S. Verry	47°30'	93°28'
Minnesota (c)	241840	Fernberg	Lake	EPA, ERL, & Forest Service	G. Glass	47°58'	91°29'
Minnesota (b)	242720	Lamberton	Redwood	SAES-Univ. of Minnesota	W. W. Nelson	44°15'	95°19'
Mississippi (a)	251460	Meridian	Lauderdale	EPA/NOAA/WMO	J. Miller	32°20'	88°45'
Montana (a)	270570	Glacier National Park	Flathead	USDI-NPS	D. Lang	48°30'	113°59'
Nebraska (a)	281520	Mead	Saunders	SAES-Univ. of Nebraska	S.B. Verma	41°09'	96°30'
New Hampshire (a)	300240	Hubbard Brook	Grafton	USDA-FS	J. Hornbeck	43°57'	71°42'
New Jersey (a)	312980	Washington Crossing	Mercer	EPA/NOAA/WMO	J. Miller	40°18'	74°51'
New Mexico (a)	320980	CUBA	Sandoval	USDI-BLM	C. Anderson	36°02'	106°58'

BEST COPY AVAILABLE

NATIONAL ATMOSPHERIC DEPOSITION PROGRAM SITES (Continued)

State	Code #	Site Name	County	Agency	Individual	Latitude	Longitude
New York (c)	330860	Aurora Research Farm	Cayuga	SAES-Cornell University	W.W. Knapp	42°44'	76°39'
New York (g)	331000	Chautauqua	Chautauqua	Niagara Mohawk Power	R. M. Wood	42°17'	79°22'
New York (d)	331220	Knobit	Columbia	NY State Electric & Gas	D. Matias	42°07'	73°31'
New York (a)	332020	Huntington Wildlife	Essex	State U. of NY, Syracuse	D.J. Raynal	44°00'	74°13'
New York (b)	335140	Stilwell Lake-West Point	Orange	U. S. Military Acad.	Maj. J.K. Robertson	41°21'	74°02'
New York (f)	335240	Bennett Bridge	Oswego	Niagara Mohawk Power	R. M. Wood	43°30'	75°57'
New York (e)	336500	Jasper	Steuben	NY State Electric & Gas	D. Matias	42°07'	77°32'
No. Carolina (a)	340320	Lewiston	Bertie	SAES-N. Carolina St. & USGS	R.I. Bruck	36°08'	77°10'
No. Carolina (h)	341180	Research Triangle Institute	Durham	EPA	W. C. Eaton	35°54'	78°52'
No. Carolina (b)	342500	Coweeta	Macon	USDA-FS	J.E. Douglass	35°03'	83°27'
No. Carolina (g)	343310	Research Triangle Park	Durham	EPA/NOAA/WMO	J. Miller	35°52'	78°47'
No. Carolina (c)	343460	Piedmont Research Station	Rowan	SAES-N. Carolina St. & USGS	R. I. Bruck	35°40	80°34'
No. Carolina (d)	343560	Clinton Crops Res. Stn.	Sampson	SAES-N. Carolina St. & USGS	R.I. Bruck	35°01'	78°17'
No. Carolina (e)	344160	Finley (Raleigh)	Wake	USDA-SEA & USGS	A. S. Heagle	35°44'	78°41'
No. Dakota (a)	350700	Theodore Roosevelt Nat'l Park	McKenzie	USDI-NPS	R. Powell	47°36'	103°15'
Ohio (a)	361760	Delaware	Delaware	USDA-FS	L.S. Dochinger	40°17'	83°04'
Ohio (b)	364900	Caldwell	Noble	SAES-OH Ag. Res. & Dev. Ctr.	T.C. Weidensaul	39°47'	81°31'
Ohio (c)	367160	Wooster	Wayne	SAES-OH Ag. Res. & Dev. Ctr.	T.C. Weidensaul	40°46'	81°56'
Oregon (a)	380200	Alsea Guard Ranger Station	Benton	EPA	C. F. Powers	44°22'	123°36'
Oregon (b)	380201	Schmidt Farm	Benton	EPA	C. F. Powers	44°38'	123°12'
Oregon (d)	380840	Lost Creek (Medford)	Jackson	USDI-BLM	G. Ferry	42°40'	122°37'
Oregon (f)	381020	H. J. Andrews Exper. Forest	Lane	USDA-FS	A. McKee	44°15'	122°10'
Oregon (c)	381120	Vines Hill (Vale)	Malheur	USDI-BLM	G. Ferry	43°54'	117°25'
Oregon (e)	381780	Pendleton	Umatilla	EPA/NOAA/WMO	J. Miller	45°41'	118°51'
Pennsylvania (a)	392940	Kane Exp. For.	Elk	USDA-FS	D.A. Marquis	41°33'	78°46'
Pennsylvania (b)	394200	Leading Ridge	Huntingdon	SAES-Penn. State Univ.	J.A. Lynch	40°39'	77°56'
S. Carolina (a)	421880	Clemson	Pickens	SAES-Clemson University	U.S. Jones	34°40'	82°50'
S. Dakota (a)	430060	Huron	Beadle	EPA/NOAA/WMO	J. Miller	44°23'	98°10'
Tennessee (a)	440040	Walker Branch Watershed	Anderson	Oak Ridge National Laboratory	S. E. Lindberg	35°58'	84°17'
Tennessee (b)	441190	Great Smoky Mtn. Nat. P.	Sevier	USDI-NPS	R. C. Mathews	35°40'	83°20'
Texas (a)	450425	Big Bend Nat. Park	Brewster	USDI-NPS	M. Warren	29°10'	103°12'
Texas (d)	452180	Longview	Gregg	Texas Air Control Board	S. Spaw	32°23'	94°43'
Texas (e)	453800	Forest Seed Center	Nacogdoches	Int. Paper Company	W. G. Mumford	31°33'	94°52'
Texas (c)	455210	McKinney Falls State Park	Travis	Texas Air Control Board	S. Spaw	30°12'	97°43'
Texas (b)	455350	Victoria	Victoria	EPA/NOAA/WMO	J. Miller	28°51'	96°55'
Utah (a)	460280	Cedar Mountain	Emery	USDI-BLM	W. W. Wagner	39°10'	110°37'
Vermont (a)	470100	Bennington	Bennington	Vt. Agency Environ. Conserv.	R. L. Poirot	42°52'	73°09'
Virginia (a)	481300	Horton's Station	Giles	SAES-VPI & State Univ.	J. Skelly	37°11'	80°25'
Virginia (b)	482890	Shenandoah National Park		USDI-NPS	J. Skelly	38°31'	78°26'
Washington (a)	491410	Olympic Nat. Park (Hoh R.)	Jefferson	USDI-NPS	B. Moorhead	47°50'	123°55'
West Virginia (a)	501860	Parsons	Tucker	USDA-FS	S. H. Kunkle	39°06'	79°39'
Wisconsin (a)	513640	Trout Lake	Vilas	EPA	R. Becker	46°02'	89°18'
Wisconsin (b)	513700	Spooner	Washburn	EPA	R. Becker	45°50'	91°52'
Wyoming (b)	520620	Newcastle	Weston	USDI-BLM	T. E. Lukow	43°52'	104°11'
Wyoming (a)	520860	Yellowstone Nat. Park	Park	USDI-NPS	W. Hamilton	44°45'	110°35'
American Samoa (a)	530190	Samoa		EPA/NOAA/WMO	J. Miller	14°15'	170°34'

BEST COPY AVAILABLE

SUBCOMMITEE RECESS

Senator McClure. The hearing will stand in recess subject to the call of the Chair.

[Whereupon, at 12 noon, Tuesday, March 23, the subcommittee was recessed, subject to the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, MARCH 25, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8:05 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senator McClure.

DEPARTMENT OF EDUCATION

OFFICE OF INDIAN EDUCATION

STATEMENT OF MONIKA EDWARDS HARRISON, ACTING ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION

ACCOMPANIED BY:

- FRANK ANTHONY RYAN, DIRECTOR OF INDIAN EDUCATION PROGRAMS
- MANUEL SMITH, OFFICE OF PLANNING AND BUDGET

PREPARED STATEMENT

Senator McCLURE. Good morning. This is the time scheduled to review the fiscal year 1983 budget estimates for the Office of Indian Education, the Navajo and Hopi Indian Relocation Commission, and the Pennsylvania Avenue Development Corporation. We will begin with the Office of Indian Education.

The fiscal year 1983 budget request is $51,119,000 for the Office of Indian Education, a decrease of $26,733,000 below fiscal year 1982 appropriations to date. A rescission request in the amount of $6,255,000 is pending before the committee

Ms. Harrison, if you would first introduce your associates, you may then proceed to highlight your opening statement, the full text of which will be included in the record at this point.

[The statement follows:]

STATEMENT OF MONIKA EDWARDS HARRISON

As you know, the President's 1983 budget reflects a determination to curtail Federal Government spending and thereby control one source of inflationary pressure on the economy.

The budget that I present to you today for the Indian Education Act has been developed in the full spirit of that overall reform plan. At the same time, this administration is sensitive to the enormous educational deprivations that compelled the Congress in 1972 to pass the Indian Education Act and to the continued need of Indian children and adults for its programs.

Therefore, while our budget request of $51.1 million is a 29-percent reduction from the 1982 revised level, it is, we believe, sufficient to sustain the advances in educational opportunity that have thus far been achieved.

In addition to the 1983 proposals, the President's budget contains two features that affect the Indian Education Act programs.

The first is a request for a rescission of $6.3 million in 1982 funds, an 8-percent reduction from the appropriated level. This reduction is proposed as a necessary step to reduce outlays and further the President's economic recovery program.

The second feature is an assumption that a foundation for education assistance will be established as proposed by the President to fulfill his campaign commitment to abolish the Department of Education and to reduce the size, cost, and burden of Government. Under this proposal several programs currently in the Department of Education will be transferred to agencies with related responsibilities. Among these are all the programs authorized by the Indian Education Act. These programs will be transferred to the Department of the Interior, where they will be alined with other Federal programs affecting the educational attainment of our Indian population.

PART A

Under part A of the act, $32.2 million, is targeted for formula grants to public school districts, where more than 80 percent of all Indian children are educated.

This part of the program accounts for 63 percent of the 1983 budget for the Indian Education Act programs. In 1983, we estimate that 1,118 local educational agenices enrolling more than 308,000 Indian children will apply for and receive formula grants under part A.

Within broad guidelines, these LEA's may spend their grant moneys for whatever activities they feel will best serve the special educational and culturally related academic needs of the Indian children enrolled in their schools. Local control is further strengthened by the statutory requirement that Indian parent committees be involved in designing the programs for their children.

In addition to the formula program, $3.2 million of part A funds are set aside to support special programs in about 20 Indian-controlled schools that are not LEA's and that are located on or near reservations. These programs are generally of a supplemental, enrichment nature and include such activities as remedial instruction, career awareness, instruction in tribal heritage, or programs for the gifted. Whereas the base support for LEA's is dependent upon local revenues, base support for most of these schools comes from the Bureau of Indian Affairs.

PART B

This budget also requests $9.6 million to support several smaller, but equally important, programs that are designed to increase educational opportunities and improve educational quality for Indian children. These programs, authorized by part B of the act, enable us to help Indian people gain the credentials and resources they need to direct their own educational programs. They also encourage planning and developmental efforts that can result in improved curriculum and other programs for all Indian children.

Toward these ends, we will concentrate part B funds on planning, pilot, and demonstration programs, on programs that help Indian people enter professional careers not only in education, but in other critical fields as well, and on a network of resource and evaluation centers that are working to upgrade the quality of all our Indian education programs.

PART C

Under part C of the act, $3.4 million is requested to support basic educational programs for Indian adults. This program has been particularly successful in finding and serving traditionally hard to reach Indians—both those in remote areas on reservations and those in isolated pockets of poverty within our cities.

Through part C programs, Indian adults of all ages have learned to read and write, have sharpened their basic skills, have become better informed as consumers, have earned high school equivalency diplomas, and have generally become increasingly employable, more fulfilled citizens.

We estimate that the 1983 request will support 23 projects in which almost 10,000 Indian adults will participate on a part- or full-time basis, depending on their needs and the nature of the projects.

PART D

Finally, under part D of the act, $2.7 million in 1983 would supply salaries and administrative expense for both the Office of Indian Education Programs and the President's National Advisory Council on Indian Education.

Mr. Chairman, this budget supports programs that involve virtually every segment of the Indian population—young children, Indian youth, college students, parents, and other adults. The programs are administered, under the direction of Indian people themselves, by institutions that this act seeks to make more responsive to their needs—local school districts, colleges and universities, and community organizations—as well as by Indian tribes.

The Indian people who participate in these programs are citizens who suffer disadvantages because historically they have been bypassed by most of our educational and governmental institutions, often as a direct result of actions undertaken by the Federal Government itself. They participate in these programs regardless of whether they are recognized for services provided by the Bureau of Indian Affairs, and they participate regardless of whether they live on reservations, in remote rural areas, or in urban areas where the majority of Indians now reside.

Mr. Chairman, this is a lean but adequate budget. It is offered in recognition of the impressive gains that the Indian Education Act has achieved over the past 9 years and in the belief that the funds requested will be sufficient to sustain and further those gains.

My colleagues and I will be happy to respond to any questions you may have.

INTRODUCTION OF ASSOCIATES

Ms. **Harrison**. Thank you, Mr. Chairman. To my right is Frank Ryan, who is the Director of Indian Education Programs. To my left is Manuel Smith, who is with the Office of Planning, Budget, and Evaluation in the Department.

OPENING STATEMENT

As you indicated, we are here today to present our request for both the 1983 budget as well as a proposed rescission for some of the Indian education programs for 1982. The budget that we are presenting today for the Indian Education Act programs has been developed in the spirit of the President's economic recovery plan. However, we would like to point out that we continue to be sensitive to the needs of the Indian population.

Our budget request of $51.1 million is a 29-percent reduction from the 1982 revised level; however, we believe it is sufficient to sustain advances in educational opportunity that have been achieved in recent years. We are requesting a rescission of $6.3 million in 1982. This is an

8-percent reduction from the appropriated level. We also are assuming that a foundation for education assistance will be established, and that these programs will be transferred to the Bureau of Indian Affairs in the Department of the Interior.

For part A we are requesting a total of $35.5 million. For the formula grant program, targeted to public school districts where more than 80 percent of the Nation's Indian children are educated, $32.2 million is requested. This part of the program accounts for 63 percent of the 1983 budget. We expect that 1,118 local education agencies will receive formula grants. In addition to the formula program, $3.2 million of part A funds are set aside for special programs in about 20 Indian-controlled schools.

Under part B, we are requesting $9.6 million to support smaller but equally important programs designed to increase educational opportunities. We will concentrate part B funds on planning, pilot, and demonstration programs.

For part C, we are requesting $3.4 million. These funds are requested to support basic education programs for Indian adults. We expect that the 1983 part C request will support 23 projects, serving approximately 10,000 Indian adults.

Under part D, the administrative portion of this budget, we are requesting $2.7 million to provide both salaries and administrative expenses for the Office of Indian Education Programs and National Advisory Council on Indian Education.

TRANSFER TO INTERIOR

Senator McClure. Thank you very much. As part of the President's proposal to eliminate the Department of Education, the Office of Indian Education is proposed to be transferred to the Bureau of Indian Affairs within the Department of the Interior. The BIA is presently funded to serve only federally recognized Indians residing on or near reservations.

As part of the transfer legislation, will amendments be proposed to the Indian Education Act to eliminate from eligibility nonfederally recognized Indians and those residing in urban areas?

Ms. Harrison. No, Mr. Chairman. What we are anticipating is that the transfer of these programs to the Bureau of Indian Affairs would extend the services and the population that the BIA currently serves. We would expect that the BIA would continue to serve federally recognized Indians with those dollars and that funds for this program will continue to serve both federally recognized and nonfederally recognized Indians. We are not proposing amendments to limit either of these populations.

Senator McClure. A couple of questions come to my mind. You say you are going to expand the services, but you're contracting the dollars.

Ms. Harrison. In terms of expanding the services, I was referring to the fact that our programs are not limited only to federally recognized Indian populations, as the BIA programs are.

Senator McClure. But if you contemplate an expansion of service to include others, doesn't that imply a greater program need, and therefore a higher funding level?

Ms. Harrison. We are assuming that the dollars that would be provided for these Indian education programs would continue to serve approximately the same number of beneficiaries they are currently serving. Obviously, at a reduced level of the services.

Senator McClure. You're going to expand the numbers and lower the service?

Ms. Harrison. We would not expand them. We would expect them to remain approximately the same.

Senator McClure. Has serious consideration been given by the administration to the possibility that such a transfer without substantive change in the authorizing legislation could be precedent setting with regard to the service population of the Bureau of Indian Affairs?

Ms. Harrison. Mr. Chairman, we have discussed this, I believe, at length. Frank Ryan has been dealing with the Cabinet Council. Let me turn this over to him.

Mr. Ryan. Mr. Chairman, the issue of what the service population would be, contemplating a transfer to the BIA, was raised in the Cabinet Council on Human Resources, a couple of months ago, and no resolution of that was made. I can say that there is concern on the part of the Assistant Secretary of Interior for Indian Affairs about what this would mean vis-a-vis other Bureau of Indian Affairs programs. But if the transfer is effected, it would probably mean that for the specific purposes of these Indian Education Act programs being transferred, that nonfederally recognized Indians would continue to be eligible for the programs authorized by the Indian Education Act. It means that the Bureau of Indian Affairs would not have to provide services to nonfederally recognized Indians in other program areas.

Senator McClure. What do you mean, in other areas? In the other areas of service?

Mr. Ryan. That's correct.

Senator McClure. Well, one of two things, it seems to me, is going to happen: Either the BIA will greatly expand its territorial jurisdiction, in other words, moved into geographical areas it's never been before; or that the level of assistance for urban Indians may drop.

Mr. Ryan. That issue was indirectly raised in the Cabinet Council, and it was the question of the scope of jurisdiction of various Federal departments. The question was whether or not the Bureau of Indian Affairs jurisdiction extended beyond the borders of Federal lands which make up the Indian reservations, in order to extend coverage to Indians who reside off the reservations. That issue was raised, but that also was not brought to a solution.

Senator McClure. It was raised, recognized as a problem, and set aside without solution?

Mr. Ryan. As of this point that's correct.

Senator McClure. We may rescue you from that problem, because it doesn't look very likely that the Department of Education is going to be abolished in this session of Congress, and maybe if that's the level of thinking that went into that decision to abolish it, we are well advised not to do so.

PART A FUNDING

Senator McClure. For part A, $35,465,000 is requested, approximately 60 percent of the amount available in fiscal year 1981. It is planned that all local education agencies will receive a ratable reduction of the amounts to which they are entitled under the legislation. Has any consideration been given to establishing a floor for the program, whereby payments would not be made to an LEA unless they had at least a certain number of Indian students?

Mr. Ryan. A floor of 10 students——

Senator McClure. There is a floor?

Mr. Ryan. Presently.

Senator McClure. But the rate of reduction that is contemplated does not reach that floor? Does the floor override the decision on ratable reduction?

Mr. Ryan. The ratable reduction is done on a per-pupil expenditure basis. If you had 10 students today, with a certain per-pupil expenditure, tomorrow you would have the same 10 students with a lower per-pupil expenditure. The floor would be the number of students, the ratable reduction would be to each student.

Senator McClure. For the impact aid program, this approach has been suggested. Unless an LEA qualified for at least $5,000, they would receive no funds. Might this be a reasonable requirement in that funding below a certain level precludes the school district from providing a program of quality?

Mr. Ryan. It could be, except that the title IV part A entitlement program is a supplementary program to the basic school operation. It is directed at supplementing those activities which the school already performs in order to deal with disadvantaged Indian students. The idea complements the existence of a school already in operation and title IV money supplements what that school is doing.

Senator McClure. Are you going to have all of the administrative hierarchy that is now there, with respect to the advisory councils, the parents groups, the supplementary programs? Are you going to do all of that with less than $5,000? Who are you kidding?

Mr. Ryan. I'm sorry. I know that you're getting at the question of there being administrative costs, but I don't understand the question with respect to the $5,000.

Senator McClure. How much are you going to accomplish with separate supplemental educational benefits in a school district when there is less than $5,000 available to provide that supplementary education?

Mr. Ryan. We may not be talking about a great number of Indian students. In the case where the $5,000 is involved, it may be a case where it's more cost effective to contract the service, to have someone come in and perform the service, rather than pay a full-time employee.

Ms. HARRISON. Mr. Chairman, I would also like to point out that in the House hearings as well as the Senate hearings on impact aid, there was concern expressed by both Senators and Representatives about the inequity of having the under $5,000 payments eliminated. As you know, this limitation was included in the continuing resolution. It is a new feature this year. These Congressmen said that for many school districts $3,500 was a lot of money. I would also like to point out to you that within the last week we have had a number of complaints from your colleagues and from Members on the other side of the Hill who have said that $5,000 can make a big difference.

Senator McCLURE. I suspect those complaints came from the single employee who got all the money.

Ms. HARRISON. I am not sure who your colleagues were representing, but they were very vocal in their concern about it.

Senator McCLURE. Oftentimes the complaints come not from the people who are supposed to be served, but the people who are supposed to deliver the services. When you get a program down to that level, you don't have much left to deliver. But the person getting the money for the delivery is probably concerned about that money. It may not mean much to the school district, but it means something to that individual. So the school district doesn't complain, but the individual does.

Ms. HARRISON. It is also conceivable they may be using it for supplies, or similar items. That $3,000 or $4,000 may make the difference between old textbooks and new textbooks. If we think in terms of personnel costs, it doesn't buy us much, but if we think about audio visuals, textbooks, or curriculum development, it could make a difference.

Senator McCLURE. Could you provide us some detailed information with respect to those kinds of things in which they may well utilize the money in that manner, for 10 or fewer students?

Mr. RYAN. Yes, sir.

[The information follows:]

PROPOSED FLOOR OF $5,000

When a school has few students, costs for small items go a long way. Items such as eyeglasses, a hearing aid, shoes, small articles of clothing or limited tutorial services may be purchased with sums far less than $5,000.

The Christie Independent School District in Westville, Okla. is an example of this. It receives $3,741 and serves 25 Indian students. These funds provide for a full-time bilingual aide, a part-time tutor, and funds for travel to attend workshops.

SUPPORT FOR STARTUP COSTS

Senator McCLURE. Under the discretionary grant program of part A, it is estimated that funds will be provided to 26 tribally controlled schools. Will any of these funds be used to support startup costs?

Ms. HARRISON. I believe we have some projects, in which startup costs have been provided in the previous year, but I don't believe we're showing any new projects which are only for startup costs in 1983. Everything would be a continuation grant in 1983.

Senator McClure. When you provided initial funding for startup costs, was there any coordination with the Bureau of Indian Affairs which then becomes responsible for the continued funding of the tribally controlled school, and responsible for the costs of operation and maintenance of the facility as well as replacement of some of the schools?

Mr. Ryan. My knowledge of this area doesn't go back that far. But there was in place a working group between the Office of Indian Education Programs in the Bureau of Indian Affairs, and our Indian Education Office, which considered a number of different issues, one of which involved coordination with respect to the Indian-controlled schools program. We have executed a memorandum of agreement and provided them with one in which we can continue our coordinating activities. One clause in that agreement is open-ended, to deal with a number of areas that may come up, which makes the agreement more flexible, but at this point we have not sat down with them and specifically addressed how we were going to approach this problem.

One of the reasons is that the Indian-controlled schools program helps these tribal schools to become established and in the process some of them can become public school districts. There may be a different goal here, whereas a 638 contract with the Bureau of Indian Affairs creates a school which is dependent upon the Bureau of Indian Affairs.

It's possible in the Indian-controlled school, with the tribal school, eventually becoming an LEA, and becoming more independent. So the goals of the two programs may be different, and they offer some flexibility to the Indian community in terms of whether or not it wants to have a BIA-funded school or, eventually, an LEA, which qualifies for impact aid and other sources of Federal funds.

Senator McClure. Would you provide for the record a list of those schools which are tribally controlled schools that have been started in the last 5 years?

Mr. Ryan. Yes, I can.

Senator McClure. And those which are expected to become independent of BIA or special Indian education funding?

Mr. Ryan. Yes.

Senator McClure. When I say "independent," I don't mean totally independent. I mean the latter category that you are looking at. They would become independent of the BIA system.

Mr. Ryan. As a part of the 1983 budget request, in our salaries and expenses item, we propose to do a study concerning the Indian-controlled schools program. The essential issue is whether or not it's a program that's effective and whether or not these schools are becoming independent, or whether or not we're just helping them to become more dependent on someone else. So hopefully, when this study is completed, we will be able to give you some information.

Senator McClure. I appreciate the fact that you are undertaking that study. I think it's a serious question. But in the meantime, if you can give me those other, rather more sparse statistics.

Mr. RYAN. Yes, sir.
[The information follows:]

INDIAN-CONTROLLED SCHOOLS ESTABLISHED SINCE 1977

The following list includes Indian-controlled schools established since 1977. Many are former BIA-operated schools or mission schools which became independent schools through receiving BIA contracts and/or a part A discretionary grant. Two of these are public schools being established through part A assistance.

All of these schools are independent of BIA direction, in that they currently are receiving contracts or are public schools.

Alaska—Akiachak Day School, Akiachak; Akiak Day School, Akiak; and Chevak, Chevak.

Arizona—Black Mesa Community School, Rough Rock; Havasupai Day School, Supai; Hotevilla Day School, Hotevilla; Little Singer Community School, Winslow.

Idaho—Nez Perce Day School, Lapwai, and Shoshone-Bannock School, Fort Hall.

Iowa—Sac and Fox School, Tama.

Kansas—Kickapoo Nation, Powhatten.

Maine—Indian Island School, Old Town; Indian Township School, Calais; and Pleasant Point School, Eastport.

Minnesota—Bug O Nay Gi Shig, Cass Lake; Circle of Life Survival School, White Earth; Fond du Lac Ojibway School, Cloquet; and Nay Ah Shing Day School, Onamia.

Montana—Rocky Boy Reservation High School, Box Elder, and Two Eagle River School, Dixon.

Nevada—Pyramid Lake School, Nixon.

New Mexico—Alamo Navajo School, Magdalena; Albuquerque Indian School, Albuquerque; Laguna and Acoma Pueblos, Old Laguna; Navajo Academy, Farmington; Sante Fe Indian School, Sante Fe; Shiprock Alternative High School, Shiprock; and Shiprock Early Childhood School, Shiprock.

North Dakota—Ojibway School, Belcourt, and Twin Buttes Day School, Halliday.

South Dakota—Crow Creek Reservation High School, Highmore; Little Wound Day School, Kyle; Loneman Indian School, Oglala; Pierre Indian Learning Center, Pierre; and Red Scaffold Day School, Faith.

Washington—Lummi Tribal School, Ferndale; Puyallup Tribal School, Tacoma; Quileute Indian School, La Pash; Wahhelute School, Olympia; and Yakima Tribal School, Toppenish.

Wisconsin—Lac Courte Oreilles, Hayward, and Oneida Indian School, Oneida.

APPLICATION PROCESS FOR DISCRETIONARY GRANTS

Senator MCCLURE. Will the application process for the discretionary grants be a competitive one or do you already know which schools will not receive funding under the proposed reduction in the budget?

Mr. RYAN. The discretionary program is a competitive one. We have just completed the review process. I don't have that information with me, but I can provide for you a list of schools which have come through the competitive process.

Senator MCCLURE. The selections have been made?

Mr. RYAN. They have not been formally made yet. We have scored them—the National Advisory Council on Indian Education has been slated to review them, and that completes the administrative process.

Senator MCCLURE. Could you provide that for us?

Mr. RYAN. Yes, sir.

Senator MCCLURE. The listing and the scores.

Mr. RYAN. Yes, sir.

[The information follows:]

PART A DISCRETIONARY GRANT RECIPIENTS: FISCAL YEAR 1982

Due to unforeseen delays, the listing and scores for recipients of part A discretionary grants will not be available as soon as had been anticipated. The listing and the scores will be sent to the committee as soon as officially available.

PART A EVALUATION

Senator McCLURE. What is the total amount that will be spent on the part A evaluation begun in fiscal year 1980, and when will that be completed?

Ms. HARRISON. The part A will be done by next spring. The total is $1.3 million.

Senator McCLURE. Will it be done in time for the next budget session?

Mr. SMITH. We expect to have preliminary results by then, if not the final results.

Senator McCLURE. If final results come in after the budget is prepared and presented to us, we may be locked in for another year.

Mr. SMITH. The study is due to be completed by next spring, but we will have some of the findings from it by the end of this calendar year.

Senator McCLURE. So you hope to be able to use that information in the development of the 1984 budget request?

Mr. SMITH. Yes; in fact, we will get some preliminary results of the first phase of the data collection well before the 1984 process is completed.

STUDENTS IN INDIAN-CONTROLLED SCHOOLS

Senator McCLURE. On page 12 of the justification, 10,297 students in Indian-controlled schools are listed as having been served in fiscal year 1981, and 9,893 students are listed as served under the existing fiscal year 1982 budget. Further, funding is available to only two-thirds of the contract schools which applied for assistance. The Bureau of Indian Affairs has provided us with enrollment data for these schools for fiscal years 1981 and 1982. In fiscal 1981, the average daily membership in all contract schools was 8,196, and the recently verified figure for the current year is 8,524. It appears that you are providing funding for more students than actually exist. Can you explain that discrepancy?

Mr. RYAN. The Indian-controlled schools program funds some schools which the Bureau of Indian Affairs does not fund. In other words, the Bureau of Indian Affairs has section 638 contract schools, and our Indian program supports some of those schools, but we also fund a separate category called tribally controlled schools. These schools may become public school districts. They may want to get established and become a public school district, and not end up becoming a section 638 school.

There is an additional reason: One of the schools supports a program for identifying and testing gifted children throughout one reservation, and as a result, although the school itself only enrolls 116 students, the project benefits 3,600 students.

Senator McClure. Would you repeat that, please.

Mr. Ryan. The major reason for the discrepancy, beyond the fact that there's an eligibility question, is that one of the part A grants received by the school supports a program for identifying, and testing gifted children throughout a reservation. As a result, while the school itself enrolls only 116 students, the part A project benefits about 3,600 students.

Senator McClure. You mean you're extending benefits to students who aren't in school?

Mr. Ryan. To other Indian children throughout the Indian reservation.

Senator McClure. That aren't in school.

Mr. Ryan. They are in school.

Senator McClure. In what school?

Mr. Ryan. We don't know. They're children on a reservation. They may be in any school.

Senator McClure. Then they are counted twice.

Mr. Ryan. For purposes of identification and testing, they would only be counted once.

Senator McClure. But they may show up again in another statistic somewhere else.

Mr. Ryan. That's correct.

Senator McClure. So they're counted two different times, in two different places or in two different contexts.

Mr. Ryan. Yes, in two different contexts.

Senator McClure. I get a "yes" over here and a shake of the head over here.

Mr. Smith. These students are not enrolled in the Indian-controlled school that this particular project served. They may be enrolled in other schools, not necessarily Indian-controlled schools, so they wouldn't be double counted because they were in other schools other than this particular Indian-controlled school.

Ms. Harrison. Mr. Chairman, we have a situation in which, if you look at the beneficiaries of a particular project, we are talking here about the one for gifted children, the total number of beneficiaries is 3,600. If you are counting enrollment in the BIA school which is part of this project it is only 116 students.

Senator McClure. That doesn't answer the question. It may be true, but it doesn't answer the question. Can you give me the student counts at BIA contract schools that are being supported through your programs?

Ms. Harrison. There are 57 BIA contract schools, of which 36 received part A formula grants and 23 received part A discretionary grants and 17 received both. We don't have a total count of the students in all of those programs. We could try to provide it for you. We have, rather, the number of schools. We have not narrowed it down to total enrollment in those schools.

Senator McClure. And there is overlap between the categories you just gave me?

Ms. HARRISON. That is right.

Senator MCCLURE. Between your 36, the 23, and the 17?

Ms. HARRISON. There is some overlap in some schools served by both the BIA and our Indian Education, and some overlap between some of them in the part A and the discretionary programs as well.

Senator MCCLURE. But the total figure is 57?

Ms. HARRISON. Fifty-seven BIA contract schools, yes.

Senator MCCLURE. The difficulty I am having is that your justification gives one figure, and the Bureau of Indian Affairs gives us figures ostensibly on the same schools, and the figure is different.

Ms. HARRISON. We will be happy to check with them and to provide the most accurate data in both cases. We had assumed we had done that, but we will, of course, check further.

Mr. SMITH. Mr. Chairman, the explanation is that they are not identical sets of schools. In one instance we are talking about some schools that are receiving only Indian-controlled school funds and are not BIA schools. There are six schools in that category.

In addition, BIA counts average daily membership; whereas, our programs count total enrollment. So there is a slight difference for that. But, again, back to the school which serves 3,600 students, the only possibility that there would be any double counting would be if any of those 3,600 students are enrolled in other Indian-controlled schools that are in our total count. And while only 116 of them are in a BIA contract school receiving our funds, we do serve those 3,600 students.

Senator MCCLURE. I can see where there might well be a difference between these figures based upon one being those served and the other being average daily membership, but we also have some disparity in the count of schools that is reported to us.

Mr. RYAN. We do not fund all of the Bureau of Indian Affairs contract schools.

Senator MCCLURE. I understand that. Would I be correct in assuming that there are five that you do not?

Mr. RYAN. I think that there are six right now.

Senator MCCLURE. Let me put it in the reverse context, five that you fund that are not BIA schools?

Mr. RYAN. There are six schools which we fund which are not Bureau of Indian Affairs contract schools, and they have 2,670 students.

Senator MCCLURE. BIA told us there were 23—you told us there were 23, and your justification shows 28. That is a different of 5. I don't know why we have so much trouble counting schools.

Mr. SMITH. I think it is the difference in fiscal years which is causing the confusion.

Senator MCCLURE. There will be another school served?

Mr. SMITH. In 1982 there will be 26 awards made. In 1983 we estimate 20 awards. In 1981 there were 30 awards, but to only 29 schools, as one school received two separate awards.

Senator MCCLURE. In which year?

Mr. SMITH. In fiscal 1981, there were 30 awards to 29 schools, and those are the 29 schools that we are discussing now, because we don't have any data on the 1982 awards yet.

Senator McClure. How about 1982?

Ms. Harrison. We are projecting 26 awards will be made and that this will go down to 20 in 1983.

Senator McClure. That is under the recission request?

Ms. Harrison. We go from 30 in 1981 to 26 in 1982 under the rescission request.

Senator McClure. The budget justification for 1982 prior to the recission was the 28?

Ms. Harrison. That is right.

RESOURCE CENTERS

Senator McClure. Of all the programs funded through the Indian Education Act, only the resource and evaluation centers seemed to have escaped with a relatively small reduction of only 4½ percent. Why aren't the centers subject to proportional reduction in support?

Mr. Ryan. An important reason for that is as we try to bring our budget in line with the President's request, it is important for us to try to emphasize those types of services which we believe are more important than others. The Indian education resource and evaluation centers work with all of our grantees in assisting them and providing a number of educational services. And it is more important that that service aspect continue. And if we cut back there, it could have a disproportionate impact, I believe, on the LEA's.

Ms. Harrison. Mr. Chairman, throughout the Department in all programs where we have been forced to request cutbacks, we have placed a great deal of emphasis on technical assistance and mechanisms for the dissemination of successful practices and models. This is consistent with the departmentwide policy.

Senator McClure. The fiscal year 1982 budget justification stated an evaluation would be conducted of the resource and evaluation centers. Was this evaluation done?

Mr. Ryan. No; it has not been done. I have worked up the scope of work on it, and I am presently revising it, based upon an estimate of how much money will be available in 1982 to conduct the study. We want to find out how effective these centers are and what kinds of things we can do to alter the scope of work of those contracts so that they can provide more substantive services to grantees.

Senator McClure. When do you expect to have that evaluation done?

Mr. Ryan. I contemplate a 6-month scope of work in this study, and I expect it to start by September.

Senator McClure. Are each of the centers responsible for providing services to a specific geographic area?

Mr. Ryan. That is correct.

Senator McClure. Would you provide for the record a list of the centers and the geographical area served by each center?

Mr. Ryan. Yes, I will.

[The information follows:]

RESOURCE AND EVALUATION CENTERS AND SERVICE AREAS

Center	Geographical area	States served
Center I:		
Native American Research Institute, 2501 M Street, N.W., Washington, D.C.	East Cost.	Illinois, Kentucky, Michigan, Tennessee, and eastern States.
Center II:		
United Tribes Education Technical Center, 3315 S. Airport Rd., Bismarck, N. Dak.	Northern plains.	Iowa, Montana, Minnesota, Nebraska, North Dakota, South Dakota, Wisconsin, and Wyoming.
Center III:		
United Indians of All Tribes Foundation, Daybreak Star Center, PO Box 99253, Seattle, Wash.	Northwest and Alaska.	Alaska, Idaho, Oregon, and Washington.
Center IV:		
National Indian Training and Reserach Center, 2121 South Mill Ave., Tempe, Ariz.	Southwest and California.	Arizona, California, Colorado, Hawaii, Nevada, and New Mexico.
Center V:		
Native American Research Institute, 121 South Collier, Norman, Okla.	Southern plains.	Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas.

PART C FUNDS

Senator McCLURE. Under part C, funding is requested to continue six planning, pilot, and demonstration projects. Which six will be continued?

Mr. RYAN. I don't have a list of those. May I provide that for the record as well?

Senator McCLURE. Yes, if you will, please.

[The information follows:]

PART C PLANNING, PILOT, AND DEMONSTRATION PROJECTS TO BE CONTINUED IN FISCAL YEAR 1983

Six planning, pilot, and demonstration projects will be continued in fiscal year 1983, subject to acceptable performance and availability of funding. Two of them will be new grantees in fiscal year 1982, and thus are not known yet. The four that will be in their third year of funding are as follows: American Indian Community Center, Indian Education Office, N. 1007 Columbus, Spokane, Wash.; Boston Indian Council, 105 South Huntington Ave., Boston, Mass.; Lac Courte Oreilles, Route 2, Hayward, Wis.; and Turtle Mountain Community College, PO Box 340, Belcourt, N. Dak.

LENGTH OF FUNDING OF PROJECTS

Senator McCLURE. Of those projects funded in the current year, will all have received 3 years of support with the exception of those six proposed to be funded in fiscal year 1983? If you don't have that information——

Mr. RYAN. I will supply that as well.

[The information follows:]

LENGTH OF FUNDING OF PLANNING, PILOT, AND DEMONSTRATION PROJECTS

Most grants are intended to be 3 years continuation projects, subject to satisfactory performance and availability of funds. Of the projects funded in fiscal year 1982, there are some projects in each category, that is first, second, and third year of funding.

FULL-TIME PERMANENT POSITIONS

Senator MCCLURE. As was noted earlier, the fiscal 1983 budget represents a reduction of approximately 40 percent from your fiscal 1981 level. Your full-time equivalent employment, however, shows an increase of eight positions. What would be the effect of reducing your full-time permanent positions to the level of 49 which you had in fiscal year 1981?

Mr. RYAN. There is a ceiling of 57 positions. That has been the ceiling for quite some time. The program was understaffed, and I think the notoriety of some of the administrative problems in the past is in part attributable to that fact. Now that we have a full staff complement, I am confident that we will be able to provide the services that we are supposed to be providing.

Senator MCCLURE. You are showing an increase from 1981. Are you at 57 now?

Mr. RYAN. That is correct, and the four other positions are in the National Advisory Council on Indian Education.

Senator MCCLURE. Even though the size of the program has shrunk, you don't see any necessity or any opportunity for reducing the size of the——

Mr. RYAN. The shrinkage that may occur would be in the discretionary programs in terms of the number of grants that will be made, but the number of grants in the part A entitlement public school program will be going up because we are experiencing an increase in the number of Indian children in that program. So the part A program, the public school program, irrespective of a budget cut, still has the same number of grantees and the same or a larger number of children, so we still have the same demand on the staff to perform those same services.

Ms. HARRISON. Mr. Chairman, we were also concerned in previous years that this program was severely understaffed, quite frankly. We had ceilings here, as in other programs in the Department, but as Mr. Ryan indicates, there were concerns raised by the field, the Congress, and other places in the Department, about just the sheer lack of the right number of people to process all of these things. So, we would point out that we start from a level which was much lower than it should have been.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. Thank you, Ms. Harrison. If there are any further questions, the staff will be in touch with your office, either to submit questions in writing for response to the record or get the information informally.

Thank you very much.

Ms. HARRISON. Thank you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MARK ANDREWS

PROPOSED TRANSFER TO BIA

Question: The Title IV program is scheduled to be transferred to the Department of Interior, Bureau of Indian Affairs, for fiscal year 1983. Is this transfer to take place regardless of whether or not the Department of Education is dismantled?

Answer: No, since the proposed transfer to the Department of the Interior is part of the overall plan to create the Foundation for Education Assistance, there are no plans at the present to transfer the Indian Education programs separately should the the Foundation proposal not be enacted by the Congress.

Question: What legislation will be required to transfer the programs to the Department of the Interior? Has any such legislation been sent to the Congress?

Answer: The legislation to effect the transfer will be contained in the Administration's proposal to create the Foundation for Education Assistance. This legislation is expected to be submitted to the Congress in the near future.

Question: Has any thought been given to leaving the Title IV program within the Foundation for Education Assistance, the agency which will continue to operate some of the programs currently within the Department of Education?

Answer: The Administration's proposal is a move toward consolidating Indian programs government-wide. It should result in administrative cost savings and increased efficiency through a reduction in program overlap and thus is believed to be in the best interests of the Indian people.

Question: I have heard from many tribal councils and Indian education organizations concerning the proposed transfer of the Title IV programs to the Department of the Interior, and every communication was the same -- opposing the transfer. Have you received similar requests to keep the Title IV programs within the Department of Education or its successor? What has been your response to these requests?

Answer: We have received several comments and inquiries about the proposed transfer -- some have been in support, some in opposition. Our response has been that this Administration continues to remain sensitive to the needs of the Indian populations and supportive of the Indian Education Act programs, which we understand would remain intact in the Bureau of Indian Affairs.

Question: Have any representatives of the Department met with the tribal organizations to discuss the transfer of the program?

Answer: Yes, on a number of occasions in the past several months, representatives of the Secretary as well as staff from the Office of the Director of Indian Education Programs have met with tribal organizations, Indian educators, and educational interest groups. We have received considerable valuable input from these meetings and discussions.

BUDGET REDUCTIONS FOR FISCAL YEAR 1983

Question: The Title IV program appears to be set for a drastic cut for FY '83 funding, down to $51 million from last year's appropriated level of approximately $79 million. How is the program going to work at such a reduced level of funding? Has the service population changed? What types of programs and what types of Indian groups will be served at the $51 million level?

Answer: We estimate that the program will continue to serve approximately the same population at the reduced level of funding. In Part A, the number of students served will remain approximately the same and the per-pupil expenditure will decrease. In the discretionary grant programs, Parts B and C, fewer awards will be made. The same types of programs will be offered and the same types of Indian groups will be served. The budget reductions are Department-wide, and are part of the President's overall budget reform plan to curtail Federal spending and thereby control one source of inflationary pressure.

DIFFERENT SERVICE POPULATIONS

Question: Has any thought been given to the fact that the Bureau of Indian Affairs deals with federally-recognized Indians and the Title IV program serves both federally-recognized and certain non-federally recognized Indian tribes? Will the BIA be able to serve the extended service population for Title IV?

Answer: This issue has been addressed by the Cabinet Council on Human Resources in the context of the transfer proposal. While no resolution of this issue has been reached, it is the Administration's position that, for the specific purposes of the Indian Education Act programs, the currently eligible population of both federally and non-federally recognized tribes will continue to be eligible. We are not proposing changes in the Indian Education Act and expect the Department of the Interior to administer the Act as it stands, including providing services to non-federally recognized and urban Indians.

ADDITIONAL COMMITTEE QUESTIONS

AUDITS OF INDIAN-CONTROLLED SCHOOLS

Question: Have audits been performed at any of the Indian-controlled schools to verify enrollment and to monitor the use of those funds?

Answer: Yes, audits have been performed at Indian-controlled schools. Such audits include a verification of the enrollment and a review of the use of funds.

LIST OF INDIAN-CONTROLLED SCHOOLS

Question: For BIA contract schools, list enrollment by school, dollars by source of funds and name of program.

Answer: A list of all Indian-controlled schools, with source of funds, enrollment, and funding for fiscal year 1981 is shown below. There were 63 Indian-controlled schools funded by the BIA, Part A entitlement, and/or Part A discretionary program: 57 schools with BIA contracts, 36 schools with Part A entitlement grants, and 29 schools with Part A discretionary funds.

FISCAL YEAR 1981 AWARDS TO INDIAN-CONTROLLED SCHOOLS

SCHOOL	BIA CONTRACT		PART A			
			ENTITLEMENT		DISCRETIONARY	
	Students (ADA)	Funding	Students Tot. Enr	Funding	Students Tot. Enr	Funding
Akiachak Day School Akiachak, AK	87.5	$309,440	--	--	--	--
Akiak Day School Akiak, AK	12	47,855	--	--	--	--
Chevak Day Sch. Chevak, AK	153.5	454,344	--	--	86	$73,736
Black Mesa Community School Rough Rock, AZ	37	140,159	32	$ 5,318	--	--
Blackwater Commuity School Coolidge, AZ	30	109,954	71	11,800	--	--
Havasupai Indian School Supai, AZ	58.5	185,026	41	6,814	--	--
Hotevilla-Bacavi Community Indian School Hotevilla, AZ	91.5	220,639	100	16,619	--	--
Little Singer Community School Winslow, AZ	41.5	154,871	--	--	--	--
Rock Point Indian School Chinle, AZ	421	1,323,656	429	71,296	346	218,291
Rough Rock Indian School Rough Rock, AZ	406.5	1,540,853	512	85,090	400	131,952
Miccosukee Indian School Miami, FL	43.5	150,425	50	7,708	100	221,637
Coeur d'Alene Desmet, ID	68	221,271	53	7,416	100	129,190
Nez Perce Lapwai, ID	27.5	124,068	35	4,897	--	--
Shoshone-Bannock Fort Hall, ID	51	199,799	--	--	75	171,894

SCHOOL	BIA CONTRACT		PART A			
			ENTITLEMENT		DISCRETIONARY	
	Students (ADA)	Funding	Students Tot. Enr	Funding	Students Tot. Enr	Funding
Sac and Fox Settlement School Tama, IA	54.5	$159,588	--	--	--	--
Kickapoo Native School Powhatten, KS	96.25	260,625	--	--	--	--
Indian Island Old Town, ME	86	223,104	--	--	--	--
Indian Township Calais, ME	92	237,134	--	--	--	--
Pleasant Point Eastport, ME	118	274,764	--	--	--	--
Hannahville Indian School Wilson, MI	36	140,577	51	$10,622	51	$107,362
Bug O Nay Gi Shig School Cass Lake, MN	83.5	248,353	77	15,566	--	--
Circle of Life Survival School White Earth, MN	55	223,622	53	10,714	--	--
Fond du Lac Ojibway School Cloquet, MN	--	--	--	--	85	243,085
Nay Ah Shing Onamia, MN	44	138,565	55	11,119	--	--
Red School House St. Paul, MN	--	--	--	--	50	85,686
Busby Indian Sch. Busby, MT	161.5	435,998	220	44,077	240	22,000
Confederated Salish and Kootenai Tribes Two Eagle River Dixon, MT	42	204,640	50	10,017	100	118,752
Chippewa-Cree Box Elder, MT	--	--	--	--	125	202,727
Labre Indian Sch. Ashland, MT	419.5	1,306,193	373	74,731	427	167,120

SCHOOL	BIA CONTRACT		PART A			
			ENTITLEMENT		DISCRETIONARY	
	Students (ADA)	Funding	Students Tot. Enr	Funding	Students Tot. Enr	Funding
Duckwater-Shoshone Duckwater, NV	22	$ 78,083	--	--	32	$84,700
Pyramid Lake School Nixon, NV	54	195,667	--	--	85	174,008
Alamo Navajo School Magdalena, NM	249.5	657,689	303	$48,198	--	--
Albuquerque/Santa Fe Indian School Santa Fe, NM	470	2,488,319	406	64,582	150	265,168
Borrego Pass School Crownpoint, NM	107	314,219	--	--	125	149,079
Laguna and Acoma Pueblos Old Laguna, NM	--	--	--	--	1,110	157,615
Navajo Academy Farmington, NM	116.5	541,900	92	14,634	3,600	57,995
Pueblo of Zuni Zuni, NM	--	--	--	--	1,250	256,009
Ramah Navajo Pine Hill, NM	381	1,270,939	444	70,627	--	--
Shiprock Alternative High School Shiprock, NM	102.5	317,215	108	17,180	--	--
Shiprock Early Childhood School Shiprock, NM	21.5	104,525	--	--	--	--
Ojibway School Belcourt, ND	242.5	596,711	237	38,428	227	198,506
St. Michael Tribal School St. Michael, ND	216	576,515	--	--	--	--
Theodore Jamerson Elementary School Bismarck, ND	48.5	134,414	58	9,404	--	--
Turtle Mountain High School Belcourt, ND	456	1,313,591	--	--	--	--

SCHOOL	BIA CONTRACT		PART A			
			ENTITLEMENT		DISCRETIONARY	
	Students (ADA)	Funding	Students Tot. Enr	Funding	Students Tot. Enr	Funding
Twin Buttes Day School Halliday, ND	52.5	$174,960	--	--	--	--
Crow Creek Reservation High School Highmore, SD	187.5	855,660	211	$30,961	--	--
Little Wound Day School Kyle, SD	534.5	1,347,178	573	84,079	--	--
Loneman Indian School Oglala, SD	283	675,059	328	48,129	--	--
Mandaria Day School Mandaria, SD	169	443,547	--	--	--	--
Marty Indian School Marty, SD	272	969,905	275	40,352	250	$113,099
Pierre Indian Learning Center Pierre, SD	97	608,924	--	--	80	90,115
Red Scaffold Day School Faith, SD	102.5	282,950	--	--	--	--
St. Francis Indian School St. Francis, SD	415.5	1,540,195	436	63,976	--	--
Lummi Tribal School Ferndale, WA	38.5	127,700	--	--	--	--
Paschal Sherman Omah, WA	96	457,737	134	27,211	155	234,220
Puyallup Tribal School Tacoma, WA	135	393,435	252	51,173	--	--
Quileute Indian School La Pash, WA	46.5	143,433	66	13,403	--	--
Yakima Tribal School Toppenish, WA	81	250,635	54	10,966	100	129,400

SCHOOL	BIA CONTRACT		PART A			
			ENTITLEMENT		DISCRETIONARY	
	Students (ADA)	Funding	Students Tot. Enr	Funding	Students Tot. Enr	Funding
Lac Courte Oreilles Hayward, WI	233	$670,020	215	$44,498	225	$162,382 $253,886
Menominee Community School Keshena, WI	--	--	--	--	50	119,556
Oneida Tribe of Wisconsin Oneida, WI	90.5	245,292	89	18,420	--	--
St. Stephens Indian School St. Stephens, WY	216.5	581,810	232	46,235	93	118,211
Wyoming Indian High School Ethete, WY	170.5	531,260	153	30,491	130	271,924
Total	8,525.25	$27,929,000	6,868	$1,166,751	9,847	$4,729,305

Total schools : 63
  BIA Contract : 57
  Part A Entitlement : 36
  Part A Discretionary : 29

NAVAJO AND HOPI INDIAN RELOCATION COMMISSION

STATEMENT OF HAWLEY ATKINSON, CHAIRMAN

ACCOMPANIED BY:

PAUL TESSLER, ASSISTANT DIRECTOR, RELOCATION OPERATIONS
STEVE GOODRICH, ACTING EXECUTIVE DIRECTOR
ROGER LEWIS, COMMISSIONER
SANDRA MASSETTO, COMMISSIONER AND VICE CHAIRPERSON
BILL LAVELL, LEGAL COUNSEL

PREPARED STATEMENT

Senator McClure. We will now turn to the Navajo and Hopi Indian Relocation Commission. The budget request for the Navajo and Hopi Indian Relocation Commission totals $13,403,000, and an increase of $3,341,000 over fiscal year 1982 appropriations to date.

First of all, let me welcome you, Mr. Atkinson, before the committee again. If you would first introduce your associates, you may then proceed to highlight your opening statement, the full text of which will be included in the record.

[The statement follows:]

Statement of Hawley Atkinson

My colleagues and I appreciate the opportunity to appear before this committee to present our fiscal year 1983 budget request and to provide what information we can regarding the efforts of our agency to assist those Navajo and Hopi families displaced from their homes as a result of the partitionment of the former joint use area between the two tribes in 1978.

We are engaged in a wide range of efforts to implement our mandates. Our Acting Executive Director will provide you with information about our program operations. I wish to tell you about some of the special aspects of our work, and some of what we hope to accomplish in the future.

Our work is difficult, complex, and controversial due to the emotional issues surrounding the relocation of Indian families by the Government. The Navajo Tribe, on one hand, remains strongly opposed to the implementation of Public Laws 93-531 and 96-305. The Navajo Tribal government and leadership believe we are moving too fast and say that our efforts will result in failure. They have said that since 1975 and I expect they will continue this dialog. They will also continue their efforts to slow or stop relocation. This is their political decision.

The Hopi Tribe, on the other hand, believes we are going about our work too slowly. They want to take control of their Reservation to include the lands awarded to them through the decisions of the Federal Courts and by the Congress.

It is the policy of our agency to implement our legislative mandates with compassion and great care. It is our policy to try to go about our work in such a way as to minimize the adverse impacts and trauma of relocation on those Navajo and Hopi families who must move from their homes. We are realistic enough to know that, no matter what we do, relocation will be hard for many families. The Commission has a tough, but not impossible assignment. The legislation provided by the Amendments Act of 1980 has helped us immeasurably.

New lands provided for by Public Law 96–305 will play an important part in the relocation program. The Commission has helped to form a task force to facilitate the transfer of land to the Navajo Tribe, and we are currently attempting to assist the Navajo Tribe in the identification of BLM and other available land that might be suitable for selection as sites for resettling families. This identification and cataloging of land is our first and highest priority. By this June, we hope to provide the necessary information to the Navajo Tribe regarding available land to identify the first 100,000 acres for their consideration and, hopefully, selection. Integral to this effort is the determination of the best possible usage of the land. Traditional grazing and farming of the land must be considered in addition to other necessary development to maximize its potential for the benefit of the relocatee families.

Economic development on Indian reservations has been attempted for a number of years and through a variety of programs. The Commission is a short-term agency and knows that whatever work we undertake will have to have sufficient strength and vigor so that it can be carried on and moved forward after the Commission has gone. For this reason, our economic development efforts on the new lands must involve the private sector. Also, as far as economic development on the existing Navajo Reservation is concerned, we are looking for ways in which we can work with the Navajo Tribe and support existing efforts which will benefit relocatees.

Economic development on the new lands will be a critical consideration in selecting lands and also in their development planning. The Commission knows it will be impossible to replicate a grazing economy on the new lands for the Navajo relocatees. From talking with the relocatees over a number of years, we have learned that livestock and a grazing lifestyle are very important to many of them. Because of this, we will try to make it possible for families to have a grazing lifestyle—some livestock can be raised in order to perpetuate the cultural significance of livestock to their families. We will also seek to create an economic climate on the new lands which will result in jobs and income for the relocatees. This will not be easy.

Earlier this month, the Commission sponsored and participated in negotiating meetings between the Navajo and Hopi tribes. These meetings were a beginning. It is our hope that the two tribes can identify areas of mutual concern and interest that will result in negotiated and acceptable land exchanges. This, we hope, will reduce the number of families who must relocate.

We are also engaged in numerous other programs and projects designed to assist our client families—the relocatees. We will continue to administer a program of voluntary relocation assistance for families who desire to resettle now. Between mid-1977 and the end of February 1982, we have relocated almost 400 families. We expect to continue this effort while attempting to identify and implement ways to ease the impacts and problems of resettlement.

Our report and plan was submitted to the Congress less than a year ago. It outlined strategies which the Commission would undertake to implement the relocation program. The broad guidelines contained in the report and plan continue to guide us in our work. Our fiscal year 1983 budget proposal identifies the resources which we need in order to carry this difficult program.

We do not intend to sit before you and profess to have all the answers to the problems facing the Navajo and Hopi relocatees. Many of the difficulties these families have are institutional and cultural. Modern times have created barriers that are hard for the tribes and this Commission to overcome. We will continue in our work with this evermost in our minds and hearts.

Thank you.

STATEMENT OF STEPHEN G. GOODRICH

It is a pleasure to appear before this committee in support of the appropriations request for fiscal year 1983 for our agency. The budget proposal for the Commission totals $13,403,000. This represents an increase of $3,341,000 over the previous year; an additional $3,407,000 in relocation services and assistance and a decrease of $84,000 in the operational expenses of the agency.

Under our proposed funding level, we will be able to relocate 145 Navajo and Hopi families; an increase of 35 over fiscal year 1982. During this period, we also project that we will be able to complete the major amount of work in certifying families as eligible or ineligible for relocation assistance. This will allow the agency to redirect personnel resources to the provision of expanded and more comprehensive resettlement assistance activities in the areas of counseling and housing acquisition.

During the past several years, we have worked toward implementing programs that will insure that the best possible housing and location alternatives are available to the Navajo and Hopi families receiving assistance from our agency. Funds are included in this request to continue and maintain a comprehensive program of housing and construction inspections as well as the important engineering and technical assistance necessary to insure the acquisition of decent, safe, and sanitary dwellings.

In fiscal year 1982, we initiated a program of land identification and cataloging of all available lands that might be considered for selection by the Navajo Tribe. As you know, the 1980 Amendments Act, Public Law 96–305, authorized the Navajo Tribe to acquire 250,000 acres of BLM land for use as resettlement sites. Additionally, the Tribe was authorized to purchase another 150,000 acres for the same purposes. Funds are included in this request to underwrite those costs associated with the analysis and technical planning necessary to identify land for acquisition for relocation purposes.

The 1980 Amendments Act provided a program of discretionary funding assistance to facilitate and expedite relocation. Our fiscal year 1983 budget includes $500,000 for the continuation of this activity. These moneys will underwrite the finite planning necessary to provide the widest range of usage options for lands acquired for relocatee families. A portion of this fund will also support ongoing projects designed to assist Navajo and Hopi families in their adjustment to new communities.

During 1982 and 1983, the Commission will continue to seek ways to minimize the impacts of relocation through acceptable, negotiated land exchanges between Navajo and Hopi tribes. It is our hope that massive relocation can be reduced as a result of these efforts.

We believe the fiscal year 1983 budget request outlines a reasonable plan of action to implement resettlement and provide for a resolution to the long standing land dispute between the two tribes. We hope you will join with us in examing creative methods to execute our responsibilities.

Thank you.

INTRODUCTION OF ASSOCIATES

Mr. ATKINSON. Thank you, Senator. It's a pleasure to appear before you. On my extreme right is Paul Tessler and our Acting Executive Director, Steve Goodrich; Commissioner Roger Lewis; Commissioner Sandra Massetto; and our legal counsel, Bill Lavell.

Senator McCLURE. You may proceed.

Mr. ATKINSON. As regards the increase in the budget, I will ask our Acting Executive Director, Mr. Goodrich, to comment on it.

OVERVIEW OF BUDGET REQUEST

Mr. GOODRICH. Thank you, Mr. Chairman. The budget increases this year are in two categories, and we have one primary reduction. We have an increase of $3,407,000 which is spread between the housing and construction acquisition component of the agency; $100,000 for increases in incentive bonuses; we also have a reduction of $84,000 in the operational expense of the agency.

So of our five primary budget components for the operations, which includes—the total administrative overhead for the agency is $1,225,000. The incentive bonus payments for early voluntary relocation total $600,000. Our advisory assistance services, which is the cost of operating the relocation component within the agency, is $440,000. Our relocation assistance payments, which are primarily housing acquisitions, total

$10,638,000; and the discretionary fund component of this year's budget is the same as last year's, $500,000.

Senator McClure. Do you have any further statements you wish to make?

Mr. Atkinson. No, sir.

LAND EXCHANGE NEGOTIATIONS

Senator McClure. Among the major goals and objectives outlined in the justification for the current year are land exchange negotiations between the two tribes. A recent attempt at such negotiations was unsuccessful as the Navajos requested return of the joint use area. Does that end the negotiations, or will further attempts be made?

Mr. Atkinson. No, sir; we will continue to try to negotiate some land exchanges, though, as you stated, the last one was not too successful, but we are hoping to have the two tribes back together again in the next 2 to 3 weeks, sitting down to discuss matters of exchange in the joint use area of 1882.

Senator McClure. The Navajo Tribe has until July of next year to complete selection of the 250,000 acres of land as authorized by Public Law 96–305. As of July 1, 1983, the authority to determine the selections becomes the responsibility of the Commission. What is the outlook for the Tribe's having selected all or most of its entitlement by next July?

Mr. Atkinson. We may have a difference of opinion here, sir, on the Commission. It would be my thinking that the Tribe will have probably selected very little. Now, in preparation for that we are researching and analyzing the lands that are available. When the authority comes to us to select the lands, we will be in a position to do so immediately, and begin the land selection in consultation with the Tribe. We do not intend to allow anything to delay us in our own prerogative to select the lands.

RELOCATION ASSISTANCE FUNDS

Senator McClure. For relocation operations $11,238,000 is requested. Of this amount, $10,638,000 is for housing relocation payments. This request exceeds the authorized level by about $5 million.

Has legislation been introduced to increase the authorization?

Mr. Atkinson. I am going to refer that to the Executive Director, sir.

Mr. Goodrich. Mr. Chairman, we expect within the next 10 days or so to have that introduced. It is in the final stages of clearance at OMB right now.

Senator McClure. What is the reason for that increase?

Mr. Goodrich. The original authorization for housing assistance payments was $31,500,000. This was in the original act of 1974. I believe that it was clear at that time, based upon the population estimates in the JUA, or the former joint use area, for the people who would have to be located, it wouldn't be sufficient. But it would need to be reauthorized at some point. I believe—I never tried to guess congressional intent, but it would seem to me the Appropriations Committees wanted to see our report and plan on population estimates before they reauthorized that.

Senator McClure. You are much closer to that than I, but I don't recall that there was any understanding at that time that that was an insufficient amount.

Mr. Goodrich. About the only way that I can equate it, Mr. Chairman, is that the bonus payments authorized in the original act contemplated 1,100 families. Mathematically, I have been unable to equate that number of families to the $31,500,000.

Senator McClure. It may be that they didn't expect that all of it would be used in that fashion. When I say "they," I mean the Congress.

Mr. Goodrich. It's always dangerous for a bureaucrat to try to interpret congressional intent.

Senator McClure. I understand that. We sometimes make it more difficult than it should be.

But the other side of that, of course, is I don't think that the record would reflect any conscious decision that there would be an increase requested later on. I think the record would reflect Congress contemplated that you would do it all within that authorized amount.

Mr. Goodrich. That's probably correct, Mr. Chairman.

Mr. Atkinson. I think you're correct there, Senator, but in 1974 there was a different cost of housing.

Senator McClure. We didn't anticipate you were going to relocate them to southern California, in the highest cost market in the United States, either.

Mr. Atkinson. Well, sir, with all due respect, I believe the law says that we are to move them where they wish to go. Our benefits are not limited——

Senator McClure. I'm surprised you didn't relocate some to Paris. There might have been some who would like to live there.

Mr. Atkinson. No, sir; the Apache said that. [Laughter.]

Senator McClure. That's one of the reasons the cost went up.

Mr. Atkinson. No, sir, I respectfully disagree. We don't have any control over that, in a way. If we move a Navajo family into a high cost area, they don't receive any more benefits than if we move them into a low-cost area.

Senator McClure. The cost of the house is higher. The costs of relocation are not greater?

Mr. Atkinson. No, sir; the only thing that would be greater, Senator, would be the distance in miles in moving. That would be, if we move a family to Maryland or to Arkansas, which we have done, the cost of moving that family there is greater than if we move them into the periphery of the reservation in Arizona, but the benefits for the house, the bonus, they all remain the same.

OUT YEAR COSTS

Senator McClure. Five million dollars isn't a tremendous increase in total dollars, but that's just for 1 year. Are you going to be back and ask for more?

Mr. Atkinson. Yes, sir.

Senator McClure. How much more?

Mr. Atkinson. The amount of increase that we will ask for in housing benefits will be determined by two factors: One, the number of families to be relocated; and two, the economy at the time. It would at this time appear that we could be back to ask for as high as $60 million more in housing benefits.

Would you agree with that figure?

Senator McClure. You mean to be triple the size of the original program?

Mr. Atkinson. Yes, sir.

Senator McClure. Who is responsible for the mis-estimate?

Mr. Atkinson. Senator McClure, I'd hate to say that. I don't think anybody is really responsible.

Senator McClure. That's what we sometimes suspect, looking at it from this side.

Mr. Atkinson. I was going to say that it was probably the Congress in their deliberations that underestimated the number of relocatees, but that would be unfair for me to say, because there has never been, until we took one, a proper census by the Government or by the tribes in the joint use area, and there was no way for the Congress or its staffs to know how many people were actually to be relocated.

When we took our census in about 1979, 1978, it was the best census that's ever been taken in that part of the Navajo Reservation, and I think would be better than the one that was taken in 1980 by the Government. So I don't think anyone knew the number of people to be relocated. And certainly no one here or in the Congress anticipated the tremendous inflation in housing costs that took place.

Senator McClure. Mr. Atkinson, I would be dishonest if I didn't mention to you the fact that there is some rather widespread dissatisfaction with the ability to estimate the cost of the program. That's not just mine. Others feel that, and I think you should be aware of that fact, if you are not.

Congress may not have had good information upon which to act, but it was represented at the time that we had good information upon which to act. And if that information was erroneous, then somebody is responsible for having given the Congress bad information. If there's one frustration I have in general terms, that is that in the Federal system there is no accountability, there is no system for rewards of people who do a particularly good job, there's no system of penalties attached to those who foul up. If they foul up, just shrug your shoulders and ask for an increased authorization. The taxpayers are getting darn tired of that.

We have $1 trillion debt, and $100 billion a year interest on that national debt, and one of the reasons why is just exactly this kind of thing in which the costs of a program run far greater than was anticipated when we got involved in the program.

Congress in the past may have been lax, but the Congress is trying to change that, and I think Congress is more determined than ever before to find out why estimates are wrong, why, indeed, things don't cost what they are represented to cost. I think we are going to continue to do that.

I am startled, very frankly, when you say you may need $60 million more in a program that was supposed to be $31½ million.

Mr. ATKINSON. Senator, you asked the question, and I felt that you wanted the very best, honest answer that we could give you.

Senator McCLURE. Yes; I sure do.

Mr. ATKINSON. It would have been easier for me to have given a much lower figure and then come back a year from now and increased it in increments.

Senator McCLURE. That's the way it's usually done.

Mr. ATKINSON. Well, sir, you are not going to hear that from me.

Senator McCLURE. I understand that, and that's why I say I appreciate the straight answer, even though it may startle me more. But at least we ought to know your best judgment. And I appreciate the fact that you have given it.

Mr. ATKINSON. Senator, may I say this, that I agree entirely with you in what you have just said. We have a program here now that should probably expire in July 1986, and then perhaps a year or even longer to phase out. The reason for the phaseout—and it might be longer than a year—is that we will have some administrative responsibilities for the new lands. For us to hold the costs of this program down, we need two things: We need the Congress to stand firmly by and be grimly determined to keep the laws that they have passed as regards the Relocation Commission. And the second thing that we need is the appropriations to do the job. And these two things will hold the costs of relocation.

Senator McCLURE. I understand that. And I am as firmly committed as you are to getting the job done within the timeframe that you have outlined. I think it is important that we do it. I think there are an awful lot of people that don't think it's going to happen. But I share with you the determination to do it. I have been here a long time now, maybe too long. I remember the several different times they extended the Indian Claims Commission. What began as a temporary job for a few became a lifetime sinecure for them. And they live a long time. And we haven't gotten to the end of that Commission yet. There are people that have been there, what, 30 years now?

TOTAL PROGRAM COSTS

What is now estimated to be the total cost of relocation? Is that $60 million figure the total cost?

Mr. ATKINSON. No, sir; we figure the total cost of the relocation itself will be approximately $195 million.

Senator McCLURE. What was the original estimate?

Mr. ATKINSON. I think the original estimate was about $37.5 million. That was the congressional estimate, sir.

Senator MCCLURE. So it goes from $37 to $195 million?

Mr. ATKINSON. Yes, sir. Ms. Massetto.

Ms. MASSETTO. In all fairness, Mr. Chairman, there are those who think it will go beyond that amount, and I would be less than honest with this committee not to speak up and say that. The congressional intent and policy behind our program was to be generous and see that the job is done. The figure may well be beyond that $195 million figure.

Senator MCCLURE. Would you provide for the record the estimate you have given and whatever—if there are dissenting opinions. I don't mean to ask you to bear the dissent, but I would like to have an estimate of what the total costs will be, what those elements are, and why they are different from the original estimates.

Mr. ATKINSON. We will submit that in detail to you, sir. As of September, I think we are under the law instructed to do that, but we will get you out a preliminary one to that, and we'll put some dissent in there.

[The information follows:]

Public Law 93-531, as amended, 25 USC 640d-12(c)(4), directs the Commission to:

> *assure that housing and related community facilities and services, such as water, sewer, roads, schools and health facilities for such households shall be available at their relocation sites.*

The magnitude of responsibility embodied in this particular section of the Act bears heavily upon the Commission. Assuring the actual physical amenities necessary in community type resettlements will not be a small undertaking. In remote individual relocations or resettlements in an established community, facilities may be assured by the availability of existing services.

The Commission gave serious thought to the problems of presenting cost considerations in this document. The limitations of Commission staff coupled with the fact that actual selection of land for relocation has not been accomplished makes this very difficult.

The Commission recognized that it was incumbent upon it to provide the Congress with as much information as possible about the land dispute and the progress being made towards final settlement. The Commission's experience with voluntary relocations has provided a good data base for considering Direct Costs of relocation.

A. DIRECT COSTS

Two main categories of Direct Costs are those resulting from relocation program activity during the period of the creation of the Commission through FY 1981 and those resulting from relocation program activity beyond FY 1981. The former category includes funds appropriated to the Commission from FY 1976 through FY 1981 and the latter category includes funds which must be appropriated to the Commission in the future.

1. ACTIVITY THROUGH FISCAL YEAR 1981

The total cost of relocation through FY 1981 is $27,190,000. This may be broken down into four categories of expenditures:

Agency Administration and Operations	$ 3,653,000
Relocation Advisory Assistance	1,025,000
Incentive Bonus Payments	1,900,000
Relocation Assistance Payments	20,612,000
Program Direct Cost Total:	$27,190,000

a. Agency Administration and Operation Costs

These funds provided for the expenses of Commission operations which included Program Supervision and Management, Legal Services, Report and Plan to Congress, Engineering and Technical Services and Administrative and Fiscal Overhead and Support.

b. Relocation Advisory Assistance Services

The Direct Costs associated with the provision of counseling and advice to certified relocatee families before, during, and for a period of time after, resettlement is included in this activity. Additionally, eligibility certification functions of the Commission are included in this category. This encompasses intake interviews, eligibility interviews, and field investigations necessary to determine applicant eligibility for relocation benefits.

c. Incentive Bonus Payments

The enabling legislation creating the Commission provided for a cash incentive payment to be disbursed directly to families who voluntarily relocated from the former Joint Use Area. Bonus payments will be disbursed through the end of FY 1981 to 380 households.

d. Relocation Assistance Payments

These amounts include direct and incidental costs associated with the acquisition of decent, safe and sanitary replacement housing for relocatees and the appraisal value for improvisions and structures at their former homesites. Additionally, these funds reimburse relocatees for expenses incurred in seeking replacement homes and the costs of moving household goods to new residences. Other miscellaneous expenses associated with the resettlement process may be underwritten by this fund. It is anticipated that assistance payments authorized and approved between FY 1976 and FY 1981 will support the relocation of 380 households.

2. COMMISSION DIRECT COST BEYOND FISCAL YEAR 1981

The following program and activity cost estimates are based on existing and anticipated budget authorization levels. Projections for FY 1982 are definitive in that they portray the actual allowance proposals supported by the Administration. Additionally, an inflation factor of 12 percent is built into housing cost projections beginning in FY 1982.

Congress anticipated the necessity of adjusting replacement housing allowance levels which is accomplished in close consultation with the Department of Housing and Urban Development.

a. Estimated Direct Cost Fiscal Years 1982-1987

Direct Cost program funding by the Commission, by fiscal period, for 1,160 relocations is estimated at:

Fiscal Year	Agency Operations	Bonus Payments	Assistance (Housing) Payments	Advisory Assistance	Discretionary Fund	Total
1982	$ 1,351,000	$1,000,000	$ 11,700,000	$ 422,000	$ 500,000	$ 14,973,000
1983	1,580,000	850,000	16,400,000	485,000	6,000,000	25,315,000
1984	2,000,000	1,000,000	18,400,000	560,000	6,000,000	27,960,000
1985	2,250,000	1,000,000	20,600,000	630,000	6,000,000	30,480,000
1986	2,500,000	1,000,000	23,000,000	640,000	6,000,000	33,140,000
1987	2,750,000	1,000,000	25,800,000	650,000	6,000,000	36,200,000
Total	**$12,431,000**	**$5,850,000**	**$115,900,000**	**$3,387,000**	**$30,500,000**	**$168,068,000**

b. Basis for Direct Cost Computations

(1) Agency Operations.

An estimated 17 percent annual increase is built into the years following the FY 1982 base figure. This escalation will accommodate annual personnel compensation increases resulting from yearly cost of living adjustments for federal employees and normal ingrade and promotion actions for all Commission staff components. Additionally, the 17 percent factor will keep pace with all other increases brought about by inflationary pressures on the general operating costs of the Commission.

(2) Bonus Payments

There are no inflationary factors needed to calculate the incentive bonus since Congress set a flat payment schedule. The schedule provides for a payment of $5,000 in the first year of relocation diminishing $1,000 annually until it reaches $1,000 in the fourth year. The estimate for the analysis assumes $5,000 Incentive Bonus Payments will be made to each certified eligible head of household. A total of 1,540 eligible applicants are estimated for the project.

(3) Assistance (Housing Payments)

Estimate assumes annual benefits increases averaging 12 percent after FY 1982. Projections accommodate the relocation of 160 families in FY 1982 and 200 families relocated in each of the following five years. Total estimated relocations for the entire project are estimated at 1,540 families.

A number of factors were considered in arriving at a 12 percent annual increase in the housing benefit beyond FY 1982. The Commission believes that the rate of inflation in this area will decrease from the escalations observed in prior fiscal periods. Decreases should be possible through the construction of cluster housing on land acquired for resettlement purposes. Unit economies of up to ten percent can be anticipated if multiple dwelling construction within reasonable geographic proximities are initiated at resettlement areas. Additionally, the Commission is pursuing prototype housing designs as a means of further reducing the square footage cost of construction. These prototype units may incorporate innovative construction materials in lieu of the more conventional, and costly, raw materials currently in use.

(4) Advisory Assistance

These projects represent the direct support associated with the relocation process, such as premove counseling, post-move assistance, and other related activities.

(5) Discretionary Funds

These funds, authorized at $6 million annually, were approved to assist and facilitate relocation efforts. It is anticipated that these amounts will be utilized in a variety of direct projects designed to enhance federal, state and local relocation assistance efforts through the duration of the program, ending in FY 1987.

c. Total Direct Costs

A composite total of Direct costs by program activity from FY 1976 through FY 1987 is presented in Table 1. Table 2 presents per household cost estimates for all of the direct relocation program activities. Both of these tables are based on estimates of 1,540 families. Table 3 portrays the per household cost of relocation between FY 1976 and FY 1987 for the purposes of a comparison between Agency Operations (administrative overhead) and Direct Program Cost. Amounts programmed for agency operations and discretionary funding purposes are also discussed in this section.

Table 9

Composite Program Costs

Fiscal Year	Agency Operations	Bonus Payments	Assistance (Housing) Payments	Relocation Advisory Assistance	Discretionary Funds	Total
1976 -81	$ 3,653,000	$1,900,000	$ 20,612,000	$1,025,000	— — —	$ 27,190,000
1982	1,351 000	1,000,000	11.700.000	422,000	$ 500,000	14,973.000
1983	1,580,000	850,000	16,400,000	485,000	6,000,000	25,315,000
1984	2,000,000	1,000,000	18,400,000	560,000	6,000,000	27,960,000
1985	2,250,000	1,000,000	20,600,000	630,000	6,000,000	30,480,000
1986	2,500,000	1,000,000	23,000,000	640,000	6,000,000	33,140,000
1978	2,750,000	1,000,000	25,800,000	650,000	6,000,000	36,200,000
Total	**$16,084,000**	**$7,750,000**	**$136,512,000**	**$4,412,000**	**$30,500,000**	**$195,258,000**

Table 10

Direct Costs Per Relocation

Households	Period	Bonus Payments	Housing Payments	Advisory Assistance	Total Per Household
380	Fiscal Years 1976-1981	$5,000	$54,242	$2,697	$ 61,939
1,160	Fiscal Years 1982-1987	5,000	99,914	2,920	107,834
1,540	Fiscal Years 1976-1987	5,000	88,644	2,864	96,508

Table 11

Administrative and Program Costs

Households	Period	Agency Operations	Program Cost Per Household	Total Cost
380	1976-1981	$ 9,613 (13%)	$ 61,939 (87%)	$ 71,552
1,160	1982-1987	10,716 (09%)	107,834 (91%)	118,500
1,540	1976-1987	10,444 (10%)	96,514 (90%)	106,958

3. AGENCY OPERATIONS

Total Commission budget authority for Agency Operations for FY 1976 through FY 1987 are projected $16,084,000. These amounts supported all agency operations not directly associated with the provision of assistance to Navajo and Hopi Indian families. As discussed previously, these funds were used for agency supervision and management, legal services, the Report and Plan to Congress, engineering and technical services, and administrative and fiscal overhead and support. The average annual cost for these expenditures was slightly in excess of $1.4 million dollars per year.

4. DISCRETIONARY FUNDS

The Commission was authorized to seek appropriations totaling $6 million dollars annually pursuant to the Navajo and Hopi Indian Relocation Amendments Act of 1980, P.L. 96-305. The agency first requested a total of $500,000 in FY 1982. For the fiscal periods from 1982 through 1987, the Commission hopes to receive the full $6 million dollars each year. This will total $30.5 million dollars through the entire program.

These funds will be used to underwrite a variety of programs and projects sponsored by federal, state, Tribal and private groups and organizations. This assistance shall be programmed into efforts that will facilitate and assist relocation. Anticipated projects include innovative energy efficient housing, energy systems, and a wide range of community projects for resettlement communities on and off the reservation.

It is impossible to project the exact programming of these funds. Generally, discretionary funds will be used to benefit the greatest number of relocatees. Families resettling on newly acquired lands and other families resettling to established on-reservation or off-reservation communities will benefit greatly from these funds.

B. OTHER COST CONSIDERATIONS

To date, no new lands have been acquired for relocation. The Commission although having developed the planning process, has not commenced the finite planning necessary for actual use and occupancy of parcels of land to be acquired. Cost considerations for the development of new lands at this point in time would be premature and highly speculative. It is extremely difficult to define other cost and considerations because of the trade-off and ongoing responsibilities of other agencies.

The positive support and active involvement of other established agencies possessing needed resources will be utilized as the Commission asserts a strong role in coordination as provided for in the Amendments Act.

As the Commission identifies and creates interagency task forces to assist in implementing relocation, coordination of budget and appropriations requests will be developed with the assistance of the Office of Management and Budget. This will maximize agency efforts and help avoid duplication.

On the existing reservations, with the exception of the Hopi Resettlement Area, no reservation sites other than those for isolated individual families, have received official Tribal sanction. The Commission's planning has been structured to accommodate groups of families who may wish to relocate to sites on their existing reservation.

Assuring community facilities and services in these areas will require the highest degree of Tribal and interagency cooperation. In many instances, other federal agencies and Tribal departments may be required to adjust priorities in the use of federal funds available to accommodate the needs of relocatees and relocation.

The long history of the land dispute and approximately 20 years of litigation have resulted in considerable deterioration of existing facilities. In many locations, development has been at a standstill because of court imposed freezes. Restoration of the land and rehabilitation is vitally needed even without the need to accommodate relocation.

The need for coordination and cooperation becomes more apparent as both Tribes and other federal agencies have developed their own "agenda" for new development and redevelopment. In some instances fragmented budget requests, grant requests and other piecemeal funding requests have been submitted addressing certain aspects of the overall land dispute. For these reasons, the Senate Appropriations Committee while deliberating FY 1981 Appropriations for the Department of the Interior and Related Agencies took special note of the problems in the former Joint Use Area:

> The Committee is concerned about the conditions within the former Navajo-Hopi Joint Use Area as a result of a court imposed construction freeze. The Bureau of Indian Affairs is directed to work with the Tribes and the Indian Health Service to formulate a plan for addressing these needs and to submit this plan for Committee review within 120 days. The Committee should give special consideration to funding social service projects in this area with any available discretionary funds.

The Bureau of Indian Affairs and Indian Health Service have developed a plan of action to assess the needs of the area. The plan will accommodate areas in the former Joint Use Area which may elect to serve as "host" communities for relocatees.

The Commission recognizes that the impact of relocation upon "host" communities is within its proper purview and responsibility. To the degree that redevelopment or new development on the existing reservations will materially assist relocation, the Commission's coordination and involvement is necessary.

The Commission views the cooperative effort which has evolved in response to the Senate Appropriations Committee as providing a foundation for developing interagency action to address the more finite planning for new lands development.

As the physical sites for relocation both on-reservation and off-reservation are actually acquired, the interagency task forces created by the Commission will proceed with the finite planning necessary to properly analyze other cost considerations.

Public Law 93-531 and its amending legislation, P.L. 96-305, are for the settlement of the long Navajo and Hopi dispute. Besides specifically directing the Commission to "assure" such things as community facilities, water systems, sanitary systems, roads, schools and health facilities, the Congress has included in this legislation provisions for the Navajo Tribe to acquire 400,000 acres of new lands for the benefit of Navajo families subject to relocation.

Relocation to these new lands will necessitate the assurance of schools, roads, power, and other facilities. Likewise, the Congress has included in the settlement legislation top priority for the long-sought Hopi High School and Hopi Medical Center. These two items alone may have a construction cost of $70 million. To assert that such costs are attributable to the relocation of 20 Hopi families would be inappropriate. But to assert that such costs are to be viewed as a part of the cost for the Navajo-Hopi settlement and for recompense for 20 years of frozen development and more years of federal inaction is another matter.

The Amendments Act to P.L. 93-531 specifically provided for the role of coordination to be assumed by the Commission:

> *(1) The Commission is authorized to call upon any department or agency of the United States to assist the Commission in implementing its relocation plan and completing relocation within the time required by law, except that the control over and responsibility for completing relocation shall remain in the Commission. In any case in which the Commission calls upon any such department or agency for assistance under this section, such department or agency shall provide reasonable assistance so requested. (2) On failure of any agency to provide reasonable assistance as required under paragraph (1) of this subsection, the Commission shall report such failure to the Congress.*

The present study being done by the Bureau of Indian Affairs and Indian Health Service in response to the Senate Appropriations Committee may be used to provide more complete cost considerations. It will include activities on the existing reservation necessary to achieve settlement of the long standing land dispute. The Commission recommends this study be expanded to include costs for relocation on the existing reservation, and whatever new lands are acquired.

The Commission in its capacity as federal coordinator will call for the assistance of the Bureau of Indian Affairs, Indian Health Service and such other agencies as deemed necessary to prepare a preliminary cost analysis. The Commission plans to submit this to the Congress in conjunction with the second report regarding the acquisition of lands due on September 6, 1982.

AUTHORIZATION FOR RELOCATION ASSISTANCE

Senator McClure. All right. I don't know that we like ranges of estimates, but if there is a difference of opinion, we would like to take a look at that so we can make some judgment.

Mr. Atkinson. You'll probably get three reports on that. [Laughter.]

Senator McClure. If it's only three, I will be surprised.

When the legislation to increase the authorization for relocation assistance is considered, do you anticipate that any other amendments will be considered which will have a substantial impact on the relocation program?

Mr. Atkinson. I don't quite understand that. Do you?

Ms. Massetto. From us, Mr. Chairman?

Senator McClure. Well, either from you or from any other source in the administration. Are you changing the program——

Mr. Atkinson. Do you mean do we anticipate the law being changed?

Senator McClure. Yes.

Mr. Atkinson. I hope not. That's been one of our problems. You have given us a good law. We have the tools with which to do the job. If the law is not changed, and we are given the proper appropriations, we will get the job done.

Senator McClure. I understand that. Is there some other comment?

Mr. Lewis. Mr. Chairman, there will be the reauthorization from the House, as Mr. Goodrich has pointed out. In addition, we have pending a bill by Senator Goldwater which would effect a transfer of land within the 1882 area in order to keep certain people in the Big Mountain area from moving. And the legislated language stays in effect. Either one of those bills would be subject, of course, to other amendments from anybody, and I don't think we know at this time what amendments might be forth coming.

Senator McClure. Would it have a substantial impact on the relocation program?

Mr. Lewis. We estimated just roughly, if 13 families did not have to be relocated, that that is a relocation saving of $1 million.

LAND EXCHANGE NEGOTIATIONS

Mr. Atkinson. Mr. Chairman, the Executive Director would like to say something.

Mr. Goodrich. I want to make one comment upon an earlier question that relates to what we are discussing right now. The reason that we are so hopeful that negotiations can be worked out, it is a slow process, is, quite frankly, for the reason Mr. Lewis gave a moment ago: for every 13 families that do not have to be relocated through the land exchange; it is $1 million in savings. That is why we are pursuing negotiations so hard.

POSSIBLE LEGISLATIVE PROPOSALS

Senator McCLURE. I understand that, and I hope you are successful, but what I am really looking at is that there are an awful lot of ideas about how you do things better or differently. Some of them are real. Some of them are going to come to some kind of legislative proposal. But they range from things that would increase the cost to the suggestion that Senator Goldwater has made, that the funds for your commission be reduced to zero.

Mr. ATKINSON. That would decrease the cost.

Senator McCLURE. Well, it might or might not. [Laughter.]

You hear from a different perspective than I will hear. You are out in the field. You are talking to people who are affected by it. What kinds of proposals are there floating around there that have more than just nebulous form, that are concrete enough that you can say these are real proposals, you may have to look at them? Or can they all be set aside safely and assume that there aren't going to be any such proposals?

I might share your hope that there be no change in the law, but maybe there is something brewing out there that is going to boil over and spill over into legislative action here.

Mr. ATKINSON. We think that there is some validity to Senator Goldwater's suggestions and recommendations. We are following that up as hard as we can. Any other ideas that come out of there, why, we do discuss them in great detail, and if they have any merit, we will certainly forward them to you, Senator.

Senator McCLURE. But so far you haven't seen any with any merit?

Mr. ATKINSON. Not really.

Senator McCLURE. Yes, ma'am.

LAND EXCHANGE NEGOTIATIONS

Ms. MASSETTO. Mr. Chairman, I don't mean to be repetitive of Mr. Goodrich's comment, but I think that this whole negotiation process is the basis by which we review and see if there are alternatives, although there are those who like to jump very quickly and say, "Well, the first meeting didn't produce much." Quite frankly, it was a meeting where everyone was getting together and trying to establish a sort of new working relationship with each other.

We had a new tribal Hopi chairman. This was the first time the Commission had taken a little different role than we had ever taken before, and I hope through that process that we can see what alternatives there are. Quite frankly—and I don't know that the Chair is aware that there is litigation outside of the 1882 Reservation that may have some impact in terms of relocation and what that is going to cost. And I would like to see down the line that situation sort of brought in and become a basis of trying to resolve and settle the whole issue between the Hopis and the Navajos. That may mean that the Commission has to be a little bit more aggressive than it has been.

Senator McCLURE. If you succeed in settling all the differences between the Hopis and the Navajos, we are going to send you to the Middle East to negotiate between the Israelis and the Arabs.

Ms. MASSETTO. We understand that. Quite frankly, we are put in that kind of a position. I have no unrealistic hopes about this thing, but, quite frankly, I think we have to keep pushing and keep trying and through that process try to come up with something that is a little bit more manageable than what we have right now, because I don't think it is very manageable.

Senator McCLURE. Do you see at this time, any specific changes in the law that would have an impact upon the program?

Ms. MASSETTO. I think that the changes should come from the Hopis and the Navajos to try to work out this thing, get some land exchanges, reduce the people that have to be relocated, and go from there. This issue has been in front of the courts. It has been in front of this Congress, and it has been in front of the administration, executive branch for many long years, and no one has been able to settle it.

Those two tribes out there have got to try to come up with something that is going to settle or attempt to reduce this problem between them. It is their problem, and they have got to be honest about it. If the Hopis come in and say we are going to sit and listen and don't do anything and the Navajos come in and put positions or programs on the table that are unrealistic, that is crazy, because they have got to settle it. It is not going to get settled here.

Senator McCLURE. I couldn't agree with you more, but they used to fight about it. They used to fight about it in a different way than the white man's rules.

Ms. MASSETTO. I guess my problem is that I have been on the other side where all my life has been an advocate for Indian positions, and a lawyer in Arizona, and I say, I look at the two of them and I say, "The enemy is not the two of you, and you have got to settle your differences." Now, I don't know how you promote that. I guess everybody has to put pressure on them, and this Commission, to a certain extent, has to put pressure on them.

Senator McCLURE. I would share your conviction that they ought to settle it as much as they can, but there is a concern here that is so often the case, we will just put an unlimited pot of money out there and promise them that we will make it easy for them so that they don't have to make any hard choices; that there will be an unlimited amount of Federal cash available to solve the problem so that they don't have to solve them between themselves.

Ms. MASSETTO. Who created the problem? It wasn't them.

COST OF RELOCATION

Senator McCLURE. To a degree, that is correct, but on the other side of that fact is, if they have the illusion that there is an unlimited amount of money here, there is less incentive for them to solve problems between themselves.

Ms. MASSETTO. I don't think that illusion is there. I think there is a lot of rhetoric to that. But they are realistic. The Indian people are conservative people, and they try very much to deal with things within their communities and within their financial understanding. And although they like to play like everybody else that comes up here, you know, why shouldn't we try to pick the Congress' pocket. They are no different than anybody else. But they are realistic. They are.

Senator McCLURE. I understand that, and that is one of the reasons why I look at the estimates of increased costs. While they may be realistic estimates, I think we have to put on the table at the same time the suggestion made by others, such as Senator Goldwater, that we recognize the failure of the situation and go from $190 or $200 million down to zero.

So you have a range of choices, and people better understand that there is a range of choices.

Ms. MASSETTO. Senator, in all due respect, the policy of relocation is not inexpensive. It is not for me to tell this Congress that you should change that. I mean, my job here is to try to carry out the dictates that you have given us, but, quite frankly, this body has made a decision that they want to impose relocation as a policy in terms of resolving this conflict. And the fact of the matter is that history has disclosed that relocation with respect to Indian tribes is costly. If you don't put the money up front, you are going to pay for it down the line somewhere.

I don't like to come here and ask this Congress for $250 million, but if you can come up with something that is much more efficient, then let's do it. Tell us.

Senator McCLURE. We are seeking suggestions from you as to what changes might be there.

Ms. MASSETTO. And my suggestion is, and I want to make it very clear for the record: I want those two tribes to get together. They have got to try to reduce the people that have to be relocated.

Senator McCLURE. You have lived with this problem longer than I have, and the people out there have lived with it much longer than that. The congressional program for relocation was an effort on the part of the Congress to bring an end to the bickering, and I don't think anybody here thought it was a good solution. We knew it would have some adverse effects on a lot of people. But this has to end sometime.

Ms. MASSETTO. Senator, there is no one that wants it more to end than me. I have spent the last 3 years of my life, not sleeping at night, because I am worried about this problem. I am tired of the gray hairs. I don't want any more gray hairs.

Mr. ATKINSON. Senator, we don't, any of us, feel that we will solve this problem by throwing money at it. We think we are going to have to solve it with some judicious means besides money, and it is our intent to do that.

Senator McCLURE. I am sure Congress is going to keep on looking at what is done, and I have to express some dismay at the escalation of costs. So there is a problem, and there isn't unlimited money, and I hope you can get the parties together. I hope you are more successful in the future than we have been in the past.

Ms. MASSETTO. Mr. Chairman, does that mean that this Congress wants the Commission to become an active participant in this land negotiation or exchange process? I mean, there are some real questions because we are supposed to keep arm's length between the two tribes about how aggressive we become, and I think that there may need to be some congressional statement about how aggressive you want us to be.

Senator MCCLURE. How aggressive can you be?

Ms. MASSETTO. I can be aggressive.

Senator MCCLURE. Constructively?

Ms. MASSETTO. Constructively, I think we can be. I am not at all intimidated about putting my elbows in and doing a little bit of this.

Senator MCCLURE. I notice Hawley moving over a little there.

Mr. ATKINSON. I think it is obvious that you are not intimidated. [Laughter.]

Senator MCCLURE. It isn't for us to order them what they must do, nor is it for us to tell the Commission that you should order them what to do. We have outlined in the law a proposed solution that if they can't come up with anything else among themselves that looks to them to be better, this is the solution which will be applied. The Commission has their charter, but I would hope that does not mean, either to the Commission or to the Indian people involved, that they can't try to come up with some more constructive suggestions that would meet their needs better with less dislocation of the lives of the people involved than is outlined in the relocation program.

Now, if you can play a constructive role in bringing them to those decisions, I don't think you should shy away from it. On the other hand, I don't believe it is the role of the Congress nor the role of the Commission to dictate to the Indian people what that solution might be, outside of what has already been expressed in the statute.

Ms. MASSETTO. I think there has, quite frankly, been a lot of dictation from a lot of people, and I agree with you that that doesn't need to happen. It makes me feel a lot better to hear you say let's look at things realistically and see if we can't do things better.

Senator MCCLURE. There are oftentimes solutions that haven't yet been tried, and I will guarantee you one thing for sure, and that is that we don't have greater wisdom just because we are sitting on the banks of the Potomac. We don't know more about your problems out there than you know about your problems. We certainly don't know more about the Hopi or Navajo escalations than those people themselves do. But it is obvious that they have not been able in the past to solve their differences without some help.

We are trying to provide that help, not the dictation, and that is, I guess, what I am suggesting to you: If you have suggestions that you can make to us as to what ought to be done that is different, we would like to hear them. And, similarly, if you have suggestions for the people themselves as to what they might do, I would hope that you would express it to them, because it is their decision, based upon the framework that has already been established unless that framework has changed.

PROGRAM ELIGIBILITY

Last year the committee requested the GAO to review the housing benefit which was being paid by the Commission. The review found that the amounts paid were within an acceptable range, based on average prices in the area, and I suspect you were glad to hear that, because I had expressed some doubts as to what was going to be said.

The review, however, did indicate that fully 75 percent of the payments made by the Commission were made to those who did not have to physically relocate. As a result of this review, we understand the Commission will no longer make payments to those individuals who were not physically residing in the joint use area at the time the Relocation Act was passed.

Since this change in policy, have any applications for assistance been denied on this basis?

Mr. ATKINSON. I will let the Executive Director answer that, please.

Mr. GOODRICH. To answer your question, Mr. Chairman, yes, applications have been denied on that basis.

Senator McCLURE. What is the operative definition of "temporarily away," as used in determining eligibility?

Mr. TESSLER. Mr. Chairman, we no longer use that definition in determining eligibility.

Senator McCLURE. What do you use instead?

Mr. TESSLER. We use our definition of residency, as we always have. That definition includes actual residents and those other residents who, while not actually residing there, maintain continuing and recurring contacts with their home site on the reservation where they would have family and/or property interest.

Senator McCLURE. What do you mean "continuing contact"? I have continuing contact with several areas. That is kind of a nebulous phrase.

Mr. TESSLER. Our definition of residency I think would be similar—you still maintain residency in Idaho, you are an Idaho resident, even though you may be living here. Our definition is very similar.

Senator McCLURE. It is more casual than just having relatives there whom they visit sometimes?

Mr. TESSLER. It is stricter than that. I am sorry. Going back to just visit a relative is not enough.

Senator McCLURE. Even though I might own property there and my relatives live there and I visit my relatives where my property is, does that entitle me to relocation?

Mr. TESSLER. Not that. Our test is substantial recurring contact, and we look at about 27 different criteria to determine whether those contacts are sufficient to meet the definition of residency.

Senator McCLURE. Could you provide for the committee those 27 criteria?

Mr. TESSLER. Yes.

[The information follows:]

NAVAJO AND HOPI INDIAN RELOCATION COMMISSION—RULES AND REGULATIONS

[Federal Register/Vol. 47, No. 9, Thursday, January 14, 1982]

SUBPART A—GENERAL POLICIES AND INSTRUCTIONS DEFINITIONS

§700.97 Resident (or residency).

(a) Residency is established by fulfilling either of the following criteria.

(1) Current occupancy.

(2) Maintenace of substantial recurring contacts with an identifiable homesite although the individual is temporarily away for any of the following reasons: (i) Employment, and seeking employment; (ii) Education or job training; (iii) Medical; (iv) Military (active duty in the military service); (v) Unavailability of housing; and (vi) Incarceration.

(b) Any one or more of the following criteria may be considered in establishing whether or not there have been substantial recurring contacts: (1) Ownership of livestock; (2) Ownership of improvements; (3) Grazing permits; (4) Livestock sales receipts; (5) Homesite leases; (6) Public health records; (7) Medical and hospital records, including those of medicinemen; (8) Trading post records; (9) School records; (10) Military records; (11) Employment records; (12) Mailing address records; (13) Banking records; (14) Drivers license records; (15) Voting records—tribal and county; (16) Home ownership or rental off the disputed area; (17) BIA census data; (18) Certification from chapter officials—not required; (19) Certification of residency; (20) Certification by relocatee; (21) Information obtained by certification field investigation; (22) Social Security Administration; (23) Marital records; (24) Court records; (25) Records of birth; (26) Joint use area roster; and (27) Any other relevant data.

SUBPART B—GENERAL RELOCATION REQUIREMENTS

§700.147 Eligibility requirements.

(a) To be eligible as a displaced person for benefits provided for under the act, and these regulations, a person must meet one of the following conditions: (1) The person must be a resident in the area partitioned to the tribe of which he is not a member; or (2) The person was a resident in the joint use area but moved from there between December 22, 1974, and August 30, 1978; or (3) The person was a resident of an area which was partitioned to a tribe of which he is not a member but moved there from after August 30, 1978.

(b) Moves described in paragraphs (a) (2) and (3) of this section are presumed to have been made pursuant to the act.

(c) Eligibility for certain benefits is further restricted by sections 14(c) and 15(c) of the act.

REQUEST FOR BONUS PAYMENTS

Senator McCLURE. The original fiscal year 1982 request for bonus payments was $1 million. Reductions were made in this account, leaving $500,000 available for the current year. According to the justification, only $375,000 of this amount will be obligated in fiscal year 1982. In fiscal year 1983, the Commission expects to provide $725,000 in bonus payments. Based on past experience, it would seem that this projection is overly optimistic.

What has been the average spent for bonus payments in the last 3 or 4 years?

Mr. GOODRICH. That bonus payment, Senator, is $5,000. If we move 100 families during the year, which is close to what we did in fiscal year 1981, it is $500,000. We anticipate moving 135 families this fiscal year, an increase of 10, to 145 next fiscal year, so five thousand times that figure.

The reason there is some difference in the figures is we still have some carryover balances remaining from the fiscal 1979 appropriation, which are available until expended, and we are supplementing what we requested from the committee last year and this year from those unobligated balances.

Senator McCLURE. Apparently, you only obligated from that amount $375,000 in 1982, or is that just $375,000 of the 1982 apportionment? Did you actually obligate more than that during 1982, or do you expect to?

Mr. GOODRICH. I want to answer your question, Senator, but I am not sure——

Senator McCLURE. Your justification says you expect to obligate $375,000 of the $500,000 made available for 1982. Am I correct in assuming that that may be because you have unobligated carryover funds that you have obligated?

Mr. GOODRICH. That is correct.

Senator McCLURE. And will obligate in 1982?

Mr. GOODRICH. Yes, sir.

Senator McCLURE. The actual amount of obligation during 1982 will be greater than $375,000?

Mr. GOODRICH. That is correct.

Senator McCLURE. Could you provide for the record what the actual obligation of that bonus fund has been during the last 2 fiscal years, as well as the amount that you expect to obligate during fiscal 1982?

Mr. GOODRICH. Yes, sir, Mr. Chairman.

[The information follows:]

Bonus payment obligations

Fiscal year:	*Amount*
Previous periods	$750,000
1980 actual	755,000
1981 actual	775,000
1982 estimated	500,000
1983 estimated	600,000

UNSPENT BONUS FUNDS

Senator McCLURE. The justification states the fiscal year 1983 will be the last year that bonus funds will be available. Will any funds unspent at the end of the next fiscal year revert to the Treasury?

Mr. GOODRICH. Since fiscal year 1981, Mr. Chairman, our appropriations have been on an annual basis. If we don't obligate the funds in the year—yes, they will lapse at the end of this fiscal year.

Senator McCLURE. You expect the bonus payments will not be available beyond fiscal year 1983?

Mr. GOODRICH. The original enabling legislation provides for a decreasing scale of incentive bonus payments through fiscal year 1986. They could decrease to $4,000 in fiscal 1984, then $1,000 less every year thereafter.

Senator McCLURE. I refer to a page in HIRC, page 13 of the justification, the bottom of the page. The last sentence of that paragraph, the last sentence on the page says, "This is the last year in which such funds will be available."

Mr. GOODRICH. That refers to the unobligated balances, Senator.

Senator MCCLURE. Instead of indicating the end of the program, it means the end of the funds, and you will need additional funds?

Mr. GOODRICH. Yes, sir.

ADVISORY ASSISTANCE SERVICES

Senator MCCLURE. For Advisory Assistance Services, $440,000 is requested, an increase of $18,000 for the fiscal year 1982 level. While that increase is small, the figure on page 16 of the justification shows a decrease in workload of about 33 percent between fiscal years 1982 and 1983. With such a substantial reduction in the workload why isn't there a corresponding decrease in the budget estimate?

Mr. GOODRICH. Senator, our justification indicates that there is significant dropoff in certain elements of the program, particularly in eligibility certification, certification investigations, but there is a corresponding increase in the number of families moved. In all probability, where we're finishing up one program, we are phasing personnel into another, so there'll be no decrease in personnel.

Senator MCCLURE. That isn't what your justification shows. I'll refer you to page 16 of your justification. You have a very great decrease in the eligibility certification interviews which you have referred to, but down further in that justification, it shows post-move home visits, referrals to other agencies, and so on, and those show either an increase in the latter category and a flat and equal status in 1982 and 1983 in the others, but if you look at the totals of all of those factors, they decline from 3,100 in 1981 to 3,025 in 1982, almost the same numbers of such factors, but in 1983, they drop to 2,000, that's a drop of one-third.

Mr. GOODRICH. Senator, part of this is, some of the factors weigh more heavily than others. If we could go back to page 5 of our justification, where we have the consolidated workload factors, I would like to point out a couple of things on that page, that I think will clear this up.

We show a significant decrease in most of the workload measures beginning with eligibility certification, but if you look at the total of families moved, the review of construction plans, construction inspections, we show increases, because we're moving more families a year. In other words, we're finishing up one phase of the advisory services component, but we'll be increasing another phase, construction, construction inspection, new housing starts. The fact of the matter is that the workload components that you pointed out are only staffed by three people.

Senator MCCLURE. Is the construction and preconstruction and advisory assistance service?

Mr. GOODRICH. The primary increase is on page 5. Is that what you're referring to, Senator?

Senator MCCLURE. I'm referring to your line item for advisory services. Advisory assistance services, for which is now requested $440,000. Your justification on page 16 makes reference to that as advisory services. Is that advisory service category which then you say includes such things as housing inspection, is that advisory, is that within the advisory assistance service?

Mr. GOODRICH. The advisory assistance services includes the components you have identified very clearly on page 16. Additionally, the relocation operations component which includes that, also includes construction inspections, counseling, realty acquisition, and counseling sessions.

Senator MCCLURE. It seems to me that you are getting some things thrown in there that are not within the category of advisory assistance service but are covered by other elements of your budget?

Mr. GOODRICH. Senator, may I ask if it would be acceptable to you if we provided for the record an explanation that would show correlation between the two?

Senator MCCLURE. Yes; it would be helpful. I would ask you to do that.

Mr. GOODRICH. We will.

[The information follows:]

The budget element advisory services is a very broad term encompassing all phases of the Commission's relocation operations; from initial client intake and eligibility determination through all phases of counseling and the technical assistance associated with housing construction and acquisition. Also, the engineering and on-reservation site support.

The output/workload measures identified by function on page 5 of the budget justification include those activities from page 16 of the package.

In the total, increases in housing acquisition (actual relocations) offsets the decreases in eligibility certifications, counseling, et cetera reported on page 16. Personnel currently involved in these activities will be reallocated to the housing acquisition programs as certification and counseling work is completed.

DISCRETIONARY FUND ACTIVITIES

Senator MCCLURE. To initiate the discretionary fund activities $500,000 was provided in fiscal year 1982. Have any awards been made from this fund?

Mr. GOODRICH. Mr. Chairman, as you probably recall, we didn't receive our fiscal year 1982 appropriations until late December. We put out the required legal notices in early January. The application for receipt of proposals began the first of February, closes on March 31. We anticipate making our initial awards during the 30 days after. In other words, during the month of April, and we should have the first $375,000 in identifiable awards.

Mr. ATKINSON. Mr. Chairman, if I may, in addition to what Mr. Goodrich said, the discretionary funds which can go up to $6 million a year are going to be a very vital part of our program, and because of the very vitality of it, we have tried to be very careful and are trying to be very circumspect in what we come back to you with, as that final use of the discretionary fund. We think it's going to be very important that we have spent that money in a way that some of your earlier remarks referred to.

Senator MCCLURE. I agree with your comment, and while I think there can be a great deal of utility in the discretionary fund to do some things that are not easily identifiable in advance, Congress will want to look very closely at how that money is spent. And I hope when you come back to us, you can give us reports on how you spent the money, and with a sufficient amount of detail and justification for the past expenditure, that will give us confidence enough that we can go to the rest of the Congress and ask them to support that money.

Mr. ATKINSON. I hope so.

Senator MCCLURE. Do you anticipate multiyear funding of individual projects, or will 25 new projects be supported in fiscal 1983?

Mr. GOODRICH. Senator, we have actually made some awards. We do have some proposals before us from different groups that would be multiyear construction-type projects. It would be hard for us to say the fund is appropriated and authorized only on an annual year basis. We plan to make no commitments beyond the fiscal year until we're able to measure the success or failure of the project.

Senator MCCLURE. Even though they're multiyear funding, you make no commitment beyond the fiscal year? That certainly doesn't sound like those are consistent policies, consistent statements.

Mr. ATKINSON. It may appear to be somewhat impractical, but part of the emphasis of our program is trying to identify permanent sponsors of funding for projects that we would help in the initial phases.

Senator MCCLURE. You don't have any of that identified yet?

Mr. GOODRICH. No, sir, we've just begun to receive the applications within the last 30 days.

Senator MCCLURE. All right.

May we rely on the justification which states that all projects will be monitored and audited?

Mr. ATKINSON. Yes, sir.

Senator MCCLURE. Will the audits be conducted in-house?

Mr. ATKINSON. Yes, sir. Go ahead, Steve. I think we've got disagreement here.

Senator MCCLURE. I'm not sure of the disagreement, but I think he wants to add something to that statement.

Mr. GOODRICH. No; I never disagree with the chairman. [Laughter.]

Senator, for the more technical or complex projects that we fund, we may have to seek technical assistance for audits and for followup, but I want to assure you that anything that we provide discretionary funding to will be audited appropriately, either in-house within our own capability or by contract firms who are in the business of providing these types of services.

Senator MCCLURE. It's said that one bad apple spoils the barrel.

Mr. GOODRICH. That's our fear.

Senator MCCLURE. Please provide for the record an explanation of the activities which will be funded in the current year under the discretionary fund program.

[The information follows:]

Proposals received by the Commission under the discretionary fund program fall under two major categories; on-reservation and off-reservation. Within these two categories the following general areas have been addressed:

On-reservation	Off-reservation
Community facilities:	Comprehensive employment program/vocational education/job training.
Expansion of water and sewer systems.	
Extension of electrical power lines.	
Grazing and water service planning.	
Emergency services planning.	
Community and economic development:	Post-move assessment analysis.
Land assessment and suitability studies.	
Construction and agricultural type projects.	
Social services.	Information dissemination, outreach and referral.
	Legal assistance for relocatees.

ADDITIONAL COMMITTEE QUESTIONS

Senator McClure. I have no further questions at this time. I appreciate your appearance here today and your willingness to answer the questions. I look forward to hearing from you again as this program goes forward.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Dennis DeConcini

QUESTION 1. It is my understanding that over 3,000 applications for relocation have been received by the Commission. I recall that the Commission estimated that about one-third of the applicants would be ineligible. Thus, will approximately 2,000 families now be eligible for relocation?

COMMISSION RESPONSE: The Commission is presently involved in a program to certify all remaining applications. It is anticipated that this program will be substantially completed in eight to ten months. At that time, the total number of eligible families should be known. For the present, the Commission does not feel it is advisable to re-estimate the final projections regarding the number of heads of households that may eventually be found eligible for relocation benefits.

QUESTION 2. Last year the Commission stated that relocation will go well beyond the completion date in 1986---how much longer?

COMMISSION RESPONSE: We anticipate that voluntary relocation will be over by July of 1986. For the Commission to meet this date of July, 1986, we are dependent upon the Congress, Secretary of Interior, Office of Management and Budget, and other agencies of the Executive Branch who have statutory authority, and pivitol to all of this, of course, is Tribal cooperation.

There will, undoubtedly, be at least a year's phase-out from the time actual relocation stops until the Commission has fulfilled its final goal. Because the Commission was given the responsibility by Congress of administering the new lands, it is possible that this phase-out will be over a period of two to three years. Such phase-out will be done with reduced staff and with a proportionately reduced budget.

ADDITIONAL COMMENT OF CHAIRMAN ATKINSON;

Our first dependency is the strength of the Congress in not changing or amending the present laws. Second, is the Congress in appropriating the monies that we need to implement those laws.

QUESTION 3. In light of a longer period of relocation will the Commission seek legislation that will accommodate the longer time frame? Will this have any effect on the $5,000 bonus schedule? If yes, what will it be?

COMMISSION RESPONSE: At this time the Commission has no plans to seek legislation to accommodate any longer time frame.

QUESTION 4. When will the certification process be completed?

COMMISSION RESPONSE: It is expected that the certification process will be substantially completed in eight to ten months.

QUESTION 5. The recently enacted amendments gave priority treatment for the Kabinto families? How many have been identified, and how many have been certified?

COMMISSION RESPONSE: Sixty families have submitted applications as potential District Six Evictees. As of April 6, 1982, twenty-one families have been certified eligible as District Six Evictees.

QUESTION 6. How many appeals do you anticipate from the certification process?

COMMISSION RESPONSE: At the present time, 15 applicants for relocation assistance benefits have been denied. Only one of these has requested an appeal. It is unknown at this time how many people will appeal certification denials. It is quite possible that the Commission will receive a substantial volume of appeals due to the anticipated number of eligibility denials.

QUESTION 7. Will the Commission provide legal assistance for those who appeal?

COMMISSION RESPONSE: No.

QUESTION 8. How many chapter meetings on the Reservation have the Commissioners attended during the last calendar year?

COMMISSION RESPONSE: In 1976 the Tribal Chairman and/or his principal advisors in Window Rock requested the Commissioners to attend Chapter Meetings to explain the relocation process. During the period from 1976 to 1979, the Commission attended numerous Chapter Meetings. We found that the Chapters really had not been informed of the relocation process. As the Commissioners attended the Chapter Meetings, we soon ran into the problem of attending Chapter Meetings to which we had not been invited by the Chapter Officer. The invitation had been extended by the Tribal Offices in Window Rock. The Chapter Officer's were not agreeable to us appearng at the chapter meetings without their prior consent and invitations. It was found that the Relocation Commission appearing at a Chapter Meeting to which it had not been invited was highly disruptive of the planned agenda and normal course of business. Because of this, a mutual policy was agreed upon and accepted by all parties involved that the Relocation Commission would attend Chapter Meetings on invitation only extended 30 days in advance. This policy was put into effect in 1978 and has been followed since then. No invitations in keeping with this policy were extended to the Commissioners to attend chapter meetings in 1981. Therefore, the Commissioners did not attend any meetings. However, the Commission did conduct numerous public meetings that were well attended by relocatee families.

QUESTION 9. Please describe the level of communication and cooperation now being received by the Commission from the Navajo Tribe.

COMMISSION RESPONSE: The Navajo Tribal leadership is dedicated to the repeal of P.L. 93-531 and P.L. 96-305. Chairman Mac Donald and the Tribal leadership have been very honest in making their official position known that they do not approve of Congress' actions in this matter of the Public Laws. Nevertheless, at the lower administrative and technical levels communication and cooperation is now ongoing.

QUESTION 10. Please describe your recent negotiation efforts.

COMMISSION RESPONSE: The official negotiating committees from both Tribes were brought together in Albuquerque, New Mexico, on March 11, 1982. The Tribes and the Commission agreed to a news blackout on the negotiations and we respectfully request that we not be asked to respond in detail at this time.

QUESTION 11. Did both tribes make a serious and concerted effort to negotiate?

COMMISSION RESPONSE: Both Tribes and the Commission agreed to a news blackout on the Negotiations and we respectfully request that we not be asked to respond in detail at this time.

QUESTION 12. Did either tribe submit a proposal to the other tribe? If so, please provide me with a copy. If a proposal was submitted, was a counter proposal offered?

COMMISSION RESPONSE: Both Tribes and the Commission agreed to a news blackout on the Negotiations and we respectfully request that we not be asked to respond in detail at this time.

QUESTION 13. Did the Hopi Tribe give serious consideration to accepting any of the 400,000 acres provided for in the act in order to reduce the number of anticipated relocations?

COMMISSION RESPONSE: This is a question that should be addressed to the Hopi Tribe. Both Tribes and the Commission agreed to a news blackout on the Negotiations and we respectfully request that we not be asked to respond in detail at this time.

QUESTION 14. How is land selection progressing?

COMMISSION RESPONSE: The Commission has been working closely with representatives of the Navajo Tribe as well as other federal agencies to expedite land acquisition. In August 1981, the Eastern Navajo Commission submitted a resolution to the Navajo Tribe suggesting the Tribe submit an application for selection of 35,000 acres in New Mexico. We believe the Navajo Tribe is currently preparing an application for the selection of these 35,000 acres in New Mexico. The Commission concurs in this selection and has communicated its support to the Secretary of Interior and the Director of Bureau of Land Management. The Commission contracted with a geologist for a coal resources report on the 35,000 acres and provided this information to the Navajo Tribe. The Navajo Tribe has told the Commission it anticipates filing its application for the 35,000 acres in New Mexico the middle of April.

The Commission continues to identify and catalogue all available lands within the 18 mile boundary of the area available for selection. It is anticipated the Commission will have identified at least 100,000 acres of land available for trade or sale by June 1, 1982. These available lands will be submitted to the Navajo Tribe for their consideration. When lands are selected by the Tribe, the Commission will contract with consulting engineering firms to provide information on hydrology, geology, mineral availability and other aspects for finite land use planning.

The Commission has under contract a consultant to assist in the development of rules and regulations for administration of the newly acquired lands. Additionally, the Commission has contracted with a consultant for a feasibility report of economic development on the new lands. On April 12, 1982, the Commission received a letter and technical proposal from the Navajo Tribe's Office of Land Development. This would support the land selection methodology that has been developed and reviewed by the Navajo Tribal Departments of Division of Resources. The Commission will be making a decision in the near future as to the funding of this contract.

QUESTION 15. Has the Department of the Interior and the Office of the Secretary provided you with support on the land selection activities?

COMMISSION RESPONSE: The Bureau of Land Management established an office in Flagstaff, Arizona for the specific purpose of assisting the Navajo Tribe and the Commission in the land selection. The BLM staff in Flagstaff and Phoenix have been most cooperative and helpful. The attitude of the Arizona BLM staff is far more positve than that of the New Mexico BLM staff.

On October 23, 1981, the Commission sent a telegram to the Secretary of the Interior requesting a temporary emergency withdrawal of the 35,000 acres in New Mexico which the Navajo Tribe had expressed an interest in. On November 23, 1981, the Commission received a reply from the Acting Director of BLM denying the need for an "emergency" withdrawal. On March 3, 1982, the Navajo Tribe was informed that the Assistant Secretary for Land and Water Resources had issued an emergency withdrawal of land in the Paragon Resource Ranch area in New Mexico on behalf of the Public Service Company of New Mexico. This is the same area of which the Navajo Tribe has expressed an interest in. When the Navajo Tribe files its application for land selection it is imperative the Tribe and the Commission receive cooperation and expeditious consideration from the Office of the Secretary of Interior and the Bureau of Land Management.

QUESTION 16. How is the economic and community planning progressing for the on-reservation sites identified in the report and plan?

COMMISSION RESPONSE: The sites in the report and plan are considered possible relocation sites, and thus finite planning will follow specific sites being withdrawn for this use by the Chapter and Navajo Tribe. The Relocation Commission has made contacts with Pinon and Tolani Lake Chapters - and applications for Discretionary Funds to support specific community planning activities have been received from these Chapters. Inquiries about similar projects have been received from Shonto and Forest Lake Chapters; and an application for Discretionary Funds is being formalized by White Cone Chapter.

Also, as a preliminary step to beginning community site planning, the Relocation Commission has met with staff from the Navajo Tribe's Agriculture, Community Development, and Economic Development Divisions. These meetings were followed up with a formal request to the Tribe's Land Dispute Commission for the Land Dispute Commission's concurrence for the Tribe's Departments of Agricultural Resources, Community Development and Economic Development to start working with the Relocation Commission. The Navajo Tribe has expressed a desire that all planning done on the Reservation be in accordance with

Tribal procedures. Relocation Commission staff attended a workshop in Window Rock at which representatives on the Tribal Chapter Planning Process were made by representatives of the Land Dispute Commission, Office of Navajo Land Development and Navajo Department of Commerce, Division of Community Development, and Division of Economic Development. At this time, the Relocation Commission also received a copy of the Tribe's Community Planner's Handbook - which specifies necessary procedures. The Relocation Commission is studying the handbook and is formulating an approach to contacting individual Chapters about Community/Economic Planning and land withdrawal.

Finally, the Relocation Commission's computerized Data Base Project is in its first phase, and the information gained from these efforts will provide additional information on relocatee and area needs.

Category II Discretionary Funds are directly available to Navajo Chapters (as well as the Tribe itself), and the purpose of these funds is to assist the host communities in adjusting to and meeting the needs of the relocatees.

QUESTION 17. Some say that the Navajo Tribe is refusing to issue homesite leases as a means of stopping relocation. Would you explain your views as to why the Tribe is doing this?

COMMISSION RESPONSE: The Navajo Tribe perhaps has other good reasons for refusing to issue homesite leases. There is an extremely high unemployment rate on the reservation and there is a jealousy created by the apparent affluence of the relocatees. Relocation was never meant to solve the institutional problems prevelant on the reservation. This includes the 80% unemployment rate and lack of realistic economic development opportunities, and a shortage of necessary community services. Some of the areas of homesite leases are in that portion of the former 1882 reservation which have been partitioned to the Navajo Tribe. For nearly 20 years, this area has been deprived of new buildings, new roads, new schools and other facilities. This was primarily brought about by a court imposed building freeze. It was based on the uncertainty of which area would be partitioned to which Tribe. Dollars that may have been allocated (on a per capitia basis) to the Former Joint Use Area may have been reallocated to other areas of the reservation. (See attached letter dated October 15, 1981, and letter dated February 24, 1982 from Chairman Peter MacDonald).

QUESTION 18. Please report your progress in planning for job training and job development. Have you contacted the Department of Labor in this regard?

COMMISSION RESPONSE: The Relocation Commission's efforts to plan (and implement) job training and job development are being undertaken as a part of its overall efforts towards economic development. Contacts have been made with the Navajo Tribe's Division of Economic Development, and a formal request for the Division to work with the Relocation Commission has been made. Since the Relocation Commission will seek to interface with Tribal programs to the greatest extent possible, contracts with the Tribal Divisions and programs is the starting point, which will lead to joint contracts and proposals to the Department of Labor.

A key to successsful job training and job development is having some very specific knowledge about relocatee employment wishes and skill levels. The Relocation Commission's computerized Data Base project is compiling such information.

The Relocation Commission will, in its economic development programming, seek to provide a wide range of employment possibilities for relocatees. In order to help identify specific development possibilities, the Relocation Commission has been in contact with the Navajo Tribe's Department of Agricultural Resources and Division of Economic Development, as well as with Dineh Cooperatives, Inc.

It is anticipated that a number of the applications for Discretionary Funds will be for projects to undertake job training and job development.* In addition, the Relocation Commission is exploring ways in which its replacement home activities can be used to support/provide employment opportunities for relocatees. A pilot cluster housing project is in the development stage for the White Cone area. Under this project, a number of families (5-7) will work on their own homes under the supervision of the Navajo Construction and Engineering Authority. If successful, this project will be a model for future efforts to involve the relocatees in the replacement home construction process. A similar project for the off-reservation relocatees is in the preliminary development stage.

*Category II Discretionary Funds have job development and counselling services as specific priorities; and Category I Discretionary Funds have labor market analysis and job development counselling as specific priorities.

QUESTION 19. On September 6th of this year, we are to receive a comprehensive cost analysis of what the settlement of the land dispute is to cost. Last year the Navajo Tribe gave us a report which was based in part upon some indirect costs estimated by your staff. Will you provide us with this information and staff work prior to submitting the September 6th report?

COMMISSION RESPONSE: The Commission had hoped to provide a more comprehensive and factual cost analysis for indirect costs of relocation by September 6, 1982. However, to provide this data, specific land for resettlement must be identified and acquired. The finite planning and resource projections cannot be done until sites are a reality. Additionally, aside from indirect costs related to land usage and development, a more precise definition of other indirect costs must be made. Under these circumstances, it is inadvisable to attempt legitimate cost projections at this time.

QUESTION 20. I understand that local units of government are requesting detailed needs assessments of families, detailed impact statements for their communities, and detailed plans from the Commission. I would appreciate receiving this information, also. When do you believe it will be completed?

COMMISSION RESPONSE: It is expected that local units of government will receive the information requested on or about July 1, 1982. A copy of this information will be provided to the committee.

QUESTION 21. Last year I requested and received a detailed report concerning the problems of families who have relocated. It would be quite helpful to have this information supplemented. Is there any reason that it is not included in your regular reporting? Could you send me an update and start to include this information in your regular reports?

COMMISSION RESPONSE: An update study of post move adjustment has just been completed. The results are now being studied and evaluated. We will provide a copy to the committee.

As for including this information in our regular reporting, it would not be administratively feasible to do so.

QUESTION 22. In the report and plan (page 140) you advised that the Commission was intensifiying efforts to identify "bad risks" for off-reservation relocation. How many families have you identified to date?

COMMISSION RESPONSE: A study is currently in process for relocatees in Coconino County. When it is completed, the results will be provided to the committee. We anticipate that the information will be available by August, 1982.

QUESTION 23. The Arizona Legislature is working on a bill which creates an all Indian county. Did the Commission formulate a position or present any testimony on this legislation? Did the Commission attend any of the hearings? Has the Commission been in contact with either of the two tribes to work with them on this problem?

COMMISSION RESPONSE: We were not asked by the Arizona Legislature, or the Tribes to comment.

QUESTION 24. The report and plan describes itself as not being a final document (page 5). It is my understanding that the report and plan showed a "process" and that updates would provide much more detailed information. In addition to the reports required by law what updates and more detailed planning will be submitted to the Congress this year?

COMMISSION RESPONSE: As land is acquired for relocation purposes, the Relocation Commission wil engage in detailed planning. Moreover, as these activities begin, the planning process described in the Report and Plan might be modified in some way (e.g. to incorporate enhanced Tribal input).

As implementation begins, we will provide updated information on detailed planning the Annual Reports, of the Commission.

QUESTION 25. The deadline for receiving applications for your discretionary fund is March 31. I understand that the Navajo Tribe requested the opportunity to review applications. Possibly this could be for a reasonable number of days quite similar to the A-95 process. It is my understanding that the request was denied, why?

COMMISSION RESPONSE: Due to the late receipt of appropriations in FY 1982, it was impracticable to include the Tribes in the first phase of the discretionary fund process. The Commission did not receive the Tribes comments on the discretionary fund rules and regulations until after the regulations had been published. The Commission feels that it is an excellent idea for the Tribes to act as a clearing house for the discretionary fund proposals and will make the necessary regulation changes to include their participation in the second phase of the discretionary fund process. Therefore, in the future, both the Navajo and Hopi Tribes will be included in the review of proposals impacting on their respective reservations.

OCT 15 1981

Dear Chairman Lewis:

It has been brought to my attention that you have expressed your concern regarding the granting of homesite leases on the Navajo Reservation to relocatees. As a result of this, I have quietly requested some of my staff to look into the matter so that we might best be able to respond to your expression of concern.

In spite of the fact that during the period after the partition to the present more homesite leases have been given to relocatees than any other single group, there are some very real problems. The results of my cursory examination may be of dismay to you as they certainly were to me. As you know, I have been, and continue to be, very pessimistic about the possibility of P.L. 93-531 being implemented in a manner which will truthfully mitigate the suffering of my people who must relocate.

of host communities who are willing to accommodate relocatees.

I am appreciative of your expression of concern for these families, and if you and your colleagues agree that this is the best course of action I will so advise the Land Dispute Commission and Office of Land Administration.

Sincerely,

Peter MacDonald, Chairman
Navajo Tribal Council

Mr. Roger Lewis
Chairman
Navajo-Hopi Indian Relocation
Commission
2717 N. Steves Blvd.
Building - A
Flagstaff, Arizona 86001

February 24, 1982

Mr. Hawley Atkinson, Chairman
Navajo and Hopi Indian Relocation Commission
Box KK
Flagstaff, Arizona 86001

Dear Mr. Atkinson:

I have spoken to Mr. Leon Berger in great detail about the homesite lease problem. As you know the problems the relocatees who have received a homesite lease are experiencing are a matter of very real concern to me. I wrote to the Commission about this several months back.

Although you requested a meeting in November, I recall receiving correspondence from Chairman Lewis which was an interim response to my first letter and then a later letter dated December 7, 1981, which advised me that you were giving consideration to the idea of a "plan pending relocation". This is an excellent concept and I thought we might hear more about it.

In the meantime, however, I receved complaints from tribal councilmen and chapter officers that something needed to be done. I might add that their concerns were two-fold, for the benefit of relocatees in addition to their concerns for the host community impacts. Of course, Dr. Scudder, had warned us all that this type of phenomena would occur as a result of the alienation which relocation invariably brings about.

The decision to temporarily suspend homesite leases was a very difficult one to make. Mr. Atkinson, as a Maricopa Supervisor, I am sure you can appreciate that units of government frequently have to make difficult decision to respond to problems which occur in trying to relate to the Federal Government. Quite frankly, if all relocatees were to actually see tangible planning to provide the promises which have been made to them in terms of host communty services and facilities in addition to economic opportunities and job development on the reservation many of these problems would be alleviated. Host communities need to see that they are going to receive a large part of the action so to speak.

BEST COPY AVAILABLE

Although we are all aware of the efforts you and your colleagues have asserted to provide a generous and thorough program, many of us feel that you will not be allowed to succeed. We know, and you have truthfully reported, that many of the off-reservation relocatees have experienced difficulty. We were not aware, however, that many of the on-reservation relocatees who have received homesite leases are also experiencing problems. I am sure you will share my dismay in learning that many of those who have received homesite leases are experiencing a unique set of difficulties on the reservation. Further in-depth investigation will be necessary; however, I am now certain that relocatees who have moved to homesites on the existing reservation are experiencing the following types of difficulties:

1. Lack of employment or job opportunities, further exacerbated by the unavailability of grazing permits;

2. Jealousy of new neighbors in host communities who have attempted to help relocatees but receive no benefit from relocation themselves and then feel the impact of new residents on existing services and facilities;

3. Problems created by relocatees who in desperation have attempted to illegally graze at their new homesites;

4. Problems associated with confinement of personal property, etc., within the one-acre homesite area;

5. Similar problems of home ownership which relocatees have experienced elsewhere. These include the myriad of problems related to obtaining quality construction and other common problems of home ownership.

Of all of these difficulties, however, the two most significant to me are those associated with the earning of a livelihood and the impact upon the host communities. I know that Dr. Scudder was very concerned about the potential of these problems. Mr. Atkinson's fear of moving families from "one pocket of poverty to another" may have materialized by the granting of homesite leases on the Navajo Reservation.

The potential severity of this situation is such that I would suggest that we are considering suspending the granting of homesite leases to relocatees until we can assure that some means of earning a livelihood is available and that impacts upon the host communities are accommodated. Before anyone can expect host communities to accept the influx of relocatees on land which is already overtaxed, the communities must receive something positive in return. Perhaps the judicious use of the Relocation Commission's discretionary fund may serve as a vehicle for accommodating the host communities.

In this regard it would appear that expediting on-reservation economic development is necessary. Your economic development committees might seriously consider this to be one of their highest priorities. It might also be advisable to consider revitalizing individual Chapter Planning Committees to help identify the needs

BEST COPY AVAILABLE

In any event no harm seems to be done. The action taken by the Tribe in turn has caused your agency to respond. At the January 8, 1982, meeting after Mr. Berger made his presentation he was asked to submit a letter to the Commission outlining what we felt would be necessary to continue granting leases. This was done on January 27, 1982, and we received a letter from Mr. Goodrich dated February 8, 1982, which expresses agreement with what Mr. Berger requested. We are pleased that this has materialized and hope that the activities necessary to resume the issuance of homesite leases can be accomplished. As I see it we now have in effect an effort to achieve more better planning pending the relocation of individuals to homesite leases on the existing reservation.

In regards to your request to meet with the Task Force, I feel that the reason Mr. Pete never responded to your request was that the Task Force is primarily composed of technicians who have very little concern or interest in the policy issues associated with Navajo-Hopi emanates from my office and of course Legislative policy rests with Tribal Council. Exposing our technical staff to the policy issues associated with these activites is really not in their best interest or ours. We expect our technical staff to provide a solid foundation upon which decisions can be made.

If sometime, however, you would like for us to arrange a visit for the Commissioners to learn more about "Window Rock works" I would be happy to have Mr. Berger arrange it. In the meantime, I understand that he is proceeding to arrange for your staff to be providing the meetings he promised you in his letter. We feel that your staff will benefit in working with tribal staff through Mr. Berger.

Sincerely,

Peter MacDonald, Chairman
Navajo Tribal Council

BEST COPY AVAILABLE

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

STATEMENT OF MAX N. BERRY, CHAIRMAN

ACCOMPANIED BY:
THOMAS J. REGAN, EXECUTIVE DIRECTOR
CHARLES A. GUELI, DIRECTOR OF DEVELOPMENT
PETER T. MESZOLY, GENERAL COUNSEL
ALEXANDER K. MILIN, FINANCIAL MANAGER

PREPARED STATEMENT

Senator McCLURE. We will now review the request for the Pennsylvania Avenue Development Corporation.

Mr. BERRY. Thank you, Mr. Chairman.

Senator McCLURE. The fiscal year 1983 budget request for the Pennsylvania Avenue Development Corporation totals $12,200,000, a decrease of $6,078,000 below the fiscal year 1982 appropriations to date. Mr. Berry, we do welcome you before the committee. If you would introduce your associates at the table with you, you may then proceed to highlight your opening statement, the full text of which will be included in the record.

[The statement follows:]

STATEMENT OF MAX N. BERRY

My name is Max N. Berry. I am Chairman of the Pennsylvania Avenue Development Corporation. I am appreciative of the opportunity to present the Corporation's fiscal year 1983 budget request to you, and respond to questions you may have about this request or the program's progress. Joining me at the witness table is Thomas J. Regan, Executive Director, along with several senior members of the staff.

The budget authority request for the Pennsylvania Avenue Development Corporation for fiscal year 1983 is $12,200,000. This total request consists of component requests of $2,250,000 for salaries and expenses, $8,750,000 for public development, and $1,200,000 for land acquisition and development.

The budget authority requested for fiscal year 1983 is needed to continue planned public improvements and land acquisition activity. Although the total $12,200,000 in requested budget authority is smaller than previous years' requests, some additional budgetary resources will be available for use next year because of carryover budget authority from fiscal year 1982 and expected revenues from the sale or lease of real estate.

The requested public development budget totals $8,750,000, of which $6,800,000 would be used for the construction of the planned park at Market Square, which will span Pennsylvania Avenue between Seventh and Ninth Streets, Northwest. Market Square Park has its conceptual origins in the plan for Washington, D.C. prepared by Pierre L'Enfant in the late 18th century. The Corporation hopes that the park will provide a setting for public events and gatherings, pursuant to the objective of making Pennsylvania Avenue an active, interesting place for people to come. As mentioned in the written budget justification forwarded to you, the construction of this park is proposed to be a joint effort of the Corporation and the privately-funded U.S. Navy Memorial Foundation, which is interested in creating a memorial on this site for those who have served the U.S. Navy. Provided this foundation fulfills its pledge to fund its share of the construction costs, the Corporation has adopted this private-public partnership as a way of reducing the overall cost to the Federal Government of constructing this major open space.

The balance of the public development request—a sum of $1,950,000—would be used to repay the land acquisition and development fund for its cost in acquiring privately-owned property for use as a public sidewalk, which has since been improved with new brick pavers, benches, and three rows of trees.

The land acquisition and development request of $1,200,000, plus the availability of some carried-over borrowing authority and at least $3 million in revenues from existing properties, will permit developers to acquire development sites. With the squares west of the FBI Building essentially committed to various development projects already, the Corporation's acquisition assistance will occur on the squares east of the FBI Building.

The Corporation's salaries and expenses request for fiscal year 1983 is $2,250,000. Total staffing will be 39 positions during fiscal year 1983, on a full-time equivalent basis, down from 42 positions during fiscal year 1982.

Additional authorizing legislation will be needed for appropriation of the land acquisition and development request, since the previous legislative limit of $100 million will be reached and exceeded by it. Accordingly, with the administration's approval, the Corporation has forwarded to the Congress a proposed draft bill to authorize an increase of $20 million for land acquisition, as well as additional language which would extend the authorization for salaries and expenses beyond fiscal year 1983.

For fiscal year 1983, the Corporation will be busy managing projects for which previously-appropriated budget authority has been obligated. Construction of public area improvements to the Pennsylvania Avenue roadway and sidewalks between 6th and 10th Streets, begun in the current fiscal year, will be underway throughout fiscal year 1983. Construction of the new park at John Marshall Place will also continue into fiscal year 1983. Similarly, the approved or newly-proposed development projects on the squares require staff and board member time in the review of project designs and land use modifications, and the disposition of real estate through sale or lease; additionally, property management requires continual attention.

We believe that the objectives of the approved plan for Pennsylvania Avenue are becoming reality. As a result of the funding support of Congress and the current and past administrations, the Corporation has put a fresh face on the public spaces between 13th and 15th Streets. Further improvements to the roadways and sidewalks and the creation of the park at John Marshall Place are already taking place. On the squares, over $600 million in private investment has been attracted to the revitalized avenue, as described in our written budget justification. While the eastern project and squares are as yet largely undeveloped, we expect that further significant private investment will also be occurring here. Indeed, for some time now we have been receiving development proposals for sites east of the FBI Building, and have given approval for two. There should be an acceleration of private investment on these eastern squares when Market Square Park and the balance of the public improvements construction work is underway.

The support of the subcommittee for the fiscal year 1983 budget now requested will contribute to the process of revitalizing the Pennsylvania Avenue corridor. Thank you.

INTRODUCTION OF ASSOCIATES

Mr. BERRY. Thank you very much, Mr. Chairman. It is good to be back to testify before your subcommittee. Joining me on my left is our Executive Director, Thomas J. Regan, as well as several other members of the senior staff of the Corporation: Charles Gueli, Director of Development, and on my right, Peter Meszoly, our General Counsel, and Alexander Milin, our Financial Manager, who is by the chart.

In total, the Corporation is requesting budget authority, as you mentioned, of $12,200,000 for fiscal year 1983. By fund or activity, the Corporation's request consists of component requests of $8,750,000 for public development, $1,200,000 for land acquisition and development, and $2,250,000 for salaries and expenses.

The public development request of $8,750,000 consists of $6.8 million for public improvements. This sum will be used for the construction of the park at Market Square, which will be a major open space to be located on the avenue between Seventh and Ninth Streets.

A park in this location was conceived as far back as the 18th century when Pierre L'Enfant first created the design for the city of Washington, D.C.

As you are aware, we propose that a private foundation share the cost of the construction of this park. The U.S. Navy Memorial Foundation, seeking a permanent site for a memorial for all those who have served in the U.S. Navy, have asked that such a memorial be located at Market Square. Their contribution to this project would be to fund the cost of the memorial itself and the associated space around it, including maintenance cost after its construction.

This partnership between the Corporation and this private foundation will result in savings to the Federal Government when compared to the cost of the park's construction solely by the PADC. The balance of the public development request in the amount of $1.95 million is needed to repay the land acquisition and development account for the U.S. Treasury debt incurred in the purchase of private property which has since been converted to public sidewalk use.

The land acquisition and development request of $1.2 million will provide some additional money to help defray property management costs and acquire a limited amount of real estate in the eastern project area.

The salaries and expenses request of $2.250 million will permit a reduced staff of 39 total employees to continue to carry out planned square development and public improvement activity in fiscal year 1983.

Progress has been made since we last appeared before the subcommittee in bringing about the objectives of the plan. Public improvements work is underway in the 6th to 10th Street area, and a new park is being created over what was John Marshall Place between U.S. District Court and the site of the future Canadian Chancery. Construction is well underway on the site of the Quadrangle/Marriott project located at 14th and Pennsylvania Avenue, such that we can expect this comprehensive, multiuse hotel-retail-office development to be completed by 1984.

We are pleased to announce the renovation of the Willard Hotel will commence in the near future, after a restructuring of the partnership entity that was awarded the rights to the renovation of the Willard and the construction of an addition on an adjoining site, the in-fill site where the old Occidental Building was. The developer is ready to begin initial site work and demolition this calendar year, with full construction and renovation activity to follow in 1983. You should see some people out there in a few weeks, beginning a minor part of the work.

In conclusion, as we have stated in our written budget justification, over $600 million in private investment on the squares is underway or committed. We look forward to a productive 1983. To this end we request your continued support for our mission and, specifically, for our appropriation request now before you.

I want to thank you. I have made a brief statement, and we will certainly be happy to answer any questions that you have on your mind. Thanks again.

REPROGRAMING REQUEST

Senator McCLURE. Thank you very much, Mr. Berry. A reprograming request as pending before the committee has proposed that $5 million appropriated in fiscal year 1980 for design and construction of a plaza around Indiana Avenue be used to pay for relocating and replacing public utility lines located underneath Pennsylvania Avenue. These costs were underestimated by about 50 percent. According to the reprograming proposal, funds for the Indiana Plaza will be sought as part of the fiscal year 1984 budget.

Will $5 million be sufficient to carry out that work, or are reestimates required due to the delays in proceeding with the project?

Mr. BERRY. Of course, the increased costs are part of inflation and increased utility costs. Let me ask our Executive Director, Tom Regan, as far as the future, what he thinks we will be doing.

Mr. REGAN. Mr. Chairman, the increased costs that we have had to deal with having to do with utilities are a direct result of the several years of experience that we have had in construction in the avenue roadway areas west of 13th Street. In the initial estimates that were prepared for the public improvements program in 1977, we anticipated a level of restoration of particularly the electrical and telephone conduits, and our experience has shown that because of the age of these structures their condition is much worse than could have been anticipated, and the increased cost is a direct result of having to provide facilities over and above which we had originally anticipated.

As far as the Indiana Plaza project is concerned, we have asked to reprogram those funds because it has always been our desire to provide the public amenities consistent with the private development that surrounds the public area. We currently have two projects which are very active in and around Indiana Plaza. It appears they will be going to construction in 1983 or 1984, which means it would be consistent for us to begin construction of that plaza in the 1984–85 timeframe. So the reprograming of those funds would be consistent with our desire to provide a new amenity when the private development would be underway also.

We do not anticipate an increased funding for Indiana Plaza when we come in to request funds for that project in the 1984 budget request.

Senator McCLURE. The $5 million you believe will be sufficient?

Mr. REGAN. Yes, sir.

Senator McClure. Has the utility work already started?

Mr. Regan. Yes, it has.

Senator McClure. Do we have any choice on the reprograming, or is that an obligation that has been incurred and simply must be paid for?

Mr. Regan. We have not committed the Congress to the reprograming.

Senator McClure. Even though the work has started? How do you get the work started without having committed?

Mr. Regan. We have provided in our budget estimate sufficient moneys in the projects that are currently underway in order to do this particular work.

Senator McClure. Well, then why the reprograming?

Mr. Regan. What we see as a result of the increased cost is that our total project cost may exceed the budget estimate that we currently have. If we do not have reprograming, then future projects would have to be restricted in their scope in order to provide—in order to stay within our budget estimate.

Senator McClure. What you are saying is you would reprogram without programing authority, is that correct?

Mr. Regan. No, sir.

Senator McClure. Isn't that what you just said? You take away the money from future projects to pay here because you have already committed yourself to pay these costs?

Mr. Berry. I think another way to say it maybe——

Senator McClure. I thought he said it very well.

What I am trying to underscore here is that I understand how you can find different conditions than you anticipated. I don't encourage you to do that, of course, but I can understand how it might be, but the reprograming is supposed to precede the obligation. And what you have indicated here is that you have an obligation which you have already undertaken; you are going to pay it. You have already done it, in effect, even though you haven't yet requested authority to do it. And under those circumstances, I don't think there is anything—let me rephrase that question. I think it is better for us to avoid that in the future if we can avoid that in the future.

Mr. Regan. Senator, if I could just explain it?

Senator McClure. Sure.

Mr. Regan. We have not undertaken an obligation in this matter. What we have done is proceeded with the work that is essential to the design of the relocations, the increased cost of relocations. We have not incurred any obligation to do that work at this point.

Senator McClure. But the utility work is underway now?

Mr. Regan. When I say the utility work is underway, I am referring to the design of the relocations.

Senator McClure. But the work is not underway yet?

Mr. Regan. It is not underway.

Senator McClure. It is still an optional thing, is that correct?

Mr. Regan. It is still an optional thing from the standpoint that the Government has not incurred any obligations.

REIMBURSEMENT OF PUBLIC SIDEWALK COSTS

Senator McClure. I understand, and I appreciate that clarification.

For public development $1,950,000 is requested to be transferred to the land acquisition and development fund. Funds from the latter were used to purchase privately owned property which has been converted to a public sidewalk, thus precluding generation of income with which to repay the debt.

Can you explain that situation a little more fully?

Mr. Milin. Mr. Chairman, in 1979, as part of the justification request for that year, we indicated we probably needed to acquire some portion of the sidewalk fronting on square 291, which is actually diagonally across from the Old Post Office Building. Funds from the Congress were appropriated in amounts sufficient to pay approximately $2 million, $1.5 to $2 million, for acquisition purposes.

Subsequent to the reserving of a tract of privately-owned land for an expanded sidewalk area, we realized that there would be an obligation on the part of the Government to pay the developer for an easement for the use of that sidewalk area. The sidewalk area in question consists of about 11,000 square feet, and that area is part, and has always been part, of the plan to expand public spaces on Pennsylvania Avenue.

What we have there now are a much-improved environment, or is a much-improved environment, with rows of trees and park benches. It is an area that has been set aside for pedestrian enjoyment. To that extent, it is unlikely, or virtually impossible, that money that was borrowed from the U.S. Treasury to purchase this easement will be recouped in terms of lease income, since we don't own the property. We can't sell it. So that if the debt that we have incurred is allowed to run without any reimbursement of any kind, in 40 years when the note is due we may owe the Government $100 million on a $1.6 million investment in the easement.

So, to preclude that situation and to not create an unworkable financial situation, we are now requesting public development money in an amount equal to the entire principal amount borrowed from the Treasury to purchase the sidewalk area, together with accrued interest that will have added to about $300,000 over a period of slightly more than a year.

Senator McClure. Of the total $300,000 represents an interest payment for the Treasury. How much in interest charges has accrued to date?

Mr. Milin. To date we have incurred approximately one-third of that cost; approximately $100,000 of interest has accrued based on interest charges.

Senator McClure. Have you no funds which could be reprogramed to repay this debt and thus save on interest charges?

Mr. Milin. We have some money available in the public development fund that had been set aside for relocation, and in some cases for historic preservation cost. We may or may not use the money in fiscal 1982 or 1983 for the relocation purposes.

Senator McClure. But you are still paying the interest to Treasury?

Mr. Milin. Yes, we are.

Senator McClure. Are you getting interest on that money?

Mr. Milin. No, we are not, sir.

Senator McClure. That is a net loss to you then?

Mr. Milin. Yes, it is.

Senator McClure. Wouldn't you be better off to ask for reprograming and pay the debt, save the interest, and then if you have relocation assistance meet that question at that time?

Mr. Milin. That is a way of handling the problem that you are addressing.

Senator McClure. It would save you $300,000. I am sure the Treasury appreciates the $300,000, but it doesn't do your budget any good.

Senator McClure. Can you estimate any savings that would accrue if these funds were made available in a supplemental appropriation bill as opposed to a regular bill which might not be passed until December?

Mr. Milin. Assuming the supplemental 1982 appropriation becomes law this summer, I suspect we can save $100,000 of that $300,000.

Senator McClure. Why don't you ask for the reprograming now?

Mr. Milin. That is certainly an option.

Senator McClure. Is there a reason not to do it? I know it's an option.

Mr. Milin. Sitting here right now, no. It seems to me we do have funds available for that purpose and we could very well ask for reprograming.

PAYMENT OF SITE ACQUISITION COSTS OF MARKET SQUARE PARK

Senator McClure. For the public development of Market Square Park, $6,800,000 is requested. Is that the total estimated Federal cost, and how dependent is this estimate on the actions of the U.S. Navy Memorial Foundation?

Mr. Berry. That's our total cost of the U.S. Government for the park. Without the Naval Foundation coming in, it would cost the U.S. Government about $9 million. Plus, the Navy Foundation will maintain their area and some of the surrounding areas, which would be a further cost savings. So, the $6.8 million is what we see as a total estimate of cost to the U.S. Government there.

Senator McClure. Will construction of the Navy Memorial be delayed until the Foundation has raised all the necessary funds?

Mr. Berry. Yes; and it will also be delayed until the Naval Memorial Foundation receives proper approvals from the various entities involved in the design.

Senator McClure. When do you anticipate that?

Mr. Berry. I think it's a good 2, 3 years away, in my opinion. This Naval Memorial and the park also has to be, from a design point of view, coordinated with the development which will be right behind it, in the same area. They have to go with each other and live well together.

There is work right now, considerable work being done by the Naval Memorial Foundation, and soon to be done by the Corporation in reviewing the work officially, the Fine Arts Commission, the National Capital Planning Commission, and others. And I would say that once the necessary approvals take place, and if the Naval Memorial Foundation can then continue with its concept which we believe they will be able to do, then they can more seriously raise the money they need. Because once you get something approved it is a lot easier to raise money if you have a sketch or drawing of it.

I don't believe that the raising of the money will be a major problem for them.

Senator McClure. As we understand the acquisition costs for the Market Square Park range between $6 and $8 million.

Do you plan to use your borrowing authority to make these purchases, and then present the subcommittee with a bill, plus 16 percent interest for the costs?

Mr. Milin. Yes; as a matter of fact, that was the procedure that we had in mind.

Mr. Berry. It seems to me that with that $8 million coming up, the same problem that we just mentioned comes up, and that we ought to be having money directly obligated from our public development fund that could be immediately paid, not have to cost the Government interest.

Senator McClure. Do you plan to go forward with those purchases within the next several weeks?

Mr. Berry. Well, it wouldn't be within the next several weeks. But, before the end of the fiscal year.

Senator McClure. Before the end of this year?

Mr. Berry. Yes.

Senator McClure. If these purchases are begun and completed before the end of this fiscal year, interest will accrue for over 1 year before appropriations could be made to reimburse the fund. Can you estimate the additional cost that will have to be funded by this subcommittee for interest on these borrowings during that 12- to 18-month period?

Mr. Milin. Mr. Chairman, we estimate in the neighborhood of $2 to $2.5 million interest costs will be incurred for a 12-month period.

Senator McClure. If we provided direct appropriations for acquisitions of the Market Square property in the 1983 budget, how much could be saved?

Mr. Milin. Depending on the acquisition schedule, I would say at least one-half of that amount.

Senator McClure. A million and a quarter dollars or more?

Mr. Milin. Yes; as the Chairman has indicated we will have purchased most of the property before the end of the year. But, I suspect there will be some slippage in the schedule.

Senator McClure. Could you provide us with a reliable estimate of the total cost of the Market Square acquisitions by June?

Mr. BERRY. Yes; we would be happy to do that.

[The information follows:]

PROJECTED ACQUISITION COSTS OF THE SITE OF MARKET SQUARE PARK

Currently, the Corporation has made offers on seven lots and by the end of June 1982, expects to have purchased 5 million dollars' worth of property for the future site of Market Square Park. The total cost of the acquisitions planned may, in fact, be in the $12 to $14 million range, given rising land values that have been occurring in the project area in recent months.

NAVY MEMORIAL

Senator MCCLURE. You have indicated that the development of Market Square Park is dependent upon the Navy Memorial. Is that correct?

Mr. BERRY. Right now the Naval Memorial in our mind is an integral part of the development of the square.

Senator MCCLURE. Will you go ahead with the development of the park even before you know whether the Navy Memorial is going to fund their share?

Mr. BERRY. We have—I don't know whether you would call it a guarantee or not.

Senator MCCLURE. I'm somewhat acquainted with the Navy League, and some of the things that they do. I'm not sure how good their guarantee is. You couldn't go to the bank with it.

Mr. BERRY. Well, you know when Congress created the Foundation, the Navy Memorial Foundation, then our board voted approval that it be at Market Square.

Now the only thing that we are doing with other related entities is looking at design and concept. And also trying to coordinate it at this time, which is a preliminary situation, with what we imagine will happen behind it in the housing and office area, retail.

Senator MCCLURE. I'm not looking at the planning process so much now. I'm wondering what your construction schedule is.

Mr. REGAN. Senator McClure, given the schedule right now that we have for construction, we can see us going to construction in the April–May timeframe of 1983. When our board approved the inclusion of the Navy Memorial into this project, the resolution was very clear that prior to any construction beginning, the Navy Memorial Foundation would have had to have posted with the Corporation sufficient funds to cover the costs of their participation in the project.

Senator MCCLURE. Well, Mr. Berry said just a moment ago, you anticipate that that is some 3 or 4 years away. Now you are telling me that in spite of the fact that that is a precondition, you expect to start construction in 1983.

Those two statements don't seem to me to track each other.

Mr. REGAN. They do, sir. There is some explanation that is required:

In the Market Square area we have a commingling of the private development projects that we monitor, and also our public improvement projects. The 3- or 4-year timeframe is a timeframe that we are hoping to be able to meet in order to have the full range of development in that area underway, including the office-retail-housing that we would like to see established on those squares.

The park portion of the development is indeed dependent on the Navy Memorial from the standpoint that their participation has to be guaranteed. Otherwise we would not be in a position to go forward.

Senator McClure. So the $6,800,000 is not for the park development?

Mr. Regan. It is, yes, sir. The park estimate, the estimate that we have——

Senator McClure. I don't mean to interrupt, but if I understand what you've told me, you don't anticipate that the Navy Memorial will have its money together and ready to go for another 3 or 4 years, and the development of the park is contingent upon that event.

But you expect to spend $6,800,000 in fiscal 1983 for the development of the park that can't start until the Navy Memorial has done their work and that's not expected to be done for 3 or 4 years.

Mr. Regan. I think, to clarify, the 3 or 4 years that our Chairman, Mr. Berry referred to, might be an exaggerated—an extensive timeframe. I think the Navy Memorial people are looking still to have their money in place by April 1983. Although I think it is realistic to expect that if they get their concepts approval very soon—and they are to go for those next month——

Senator McClure. This $6,800,000 is not for planning, it is for construction?

Mr. Regan. Yes, sir.

Senator McClure. So the integration of the planning process and of the view of what stands behind this park, the planning that you do there for the private development, is not contingent upon the $6,800,000?

Mr. Regan. It is not.

The point that I would make is, is that the Navy still is on a schedule that would see construction starting in early to mid-1983. However, it is possible that could be delayed for up to another year if their funding, their inflow of funds is slowed at all, because we could not undertake construction until they have sufficient funds necessary.

Senator McClure. I understand that. It seems to me you might better use that $6,800,000 to pay for the things upon which you are paying interest. And then ask us when you get ready to build, to give you the $6,800,000 rather than take $6,800,000 and put it in the pot over here where you get no money but it is charged against your budget while you are paying interest on other moneys which you have already spent.

If there is something wrong in that, I hope you will provide an answer for the record.

[The information follows:]

Schedule for Market Square Park Construction

Construction of the Market Square Park is scheduled to begin this April through mid-1983. If the Navy Memorial Foundation is not ready with its funding, we will proceed with construction of the park according to this schedule anyway. Therefore, the full $6.8 million is required in fiscal year 1983.

PURCHASE OF PRIVATE PROPERTIES FOR PUBLIC PURPOSES

Senator McClure. To date the Corporation has used its borrowing authority in three instances to purchase public use property, and none of these were of the magnitude of the Market Square project. How do we get around the problem of requiring this committee to pay interest to the Treasury?

Mr. Milin. In the instances to which you refer, Mr. Chairman, we have always indicated in our written justification and in testimony, I believe, that we were about to embark upon the purchase of land with loan funds, essentially using loan funds for a public use. So there has been a record of it. And we have indicated that there would be a time in the future when the debt on these loans for the purchase of public lands would have to be paid. And I can think of two instances in which Congress has approved an after-the-fact funding of the accrued interest for these properties purchased.

Senator McClure. It seems to me we have gotten ourselves in kind of a mess here for some reason or another. There ought to be a way to get out of it, so that we can appropriate the money on an orderly basis rather than have to use borrowing authority, paying interest to the Treasury.

If I understand correctly, that came about because OMB didn't want to provide appropriated money and they said "use borrowing authority."

It appears to me now that OMB shot themselves in the foot. There ought to be a way to avoid that. If you know what your acquisition schedule is going to be, if you know what your construction schedule is going to be, if we can then appropriate the money we can avoid the borrowing and we can avoid the interest costs.

Mr. Milin. Going back a few years—I think it was 1978 or something like that—when we first found that we would have to be acquiring privately-owned land for public purposes, the reasoning that was part of this process was that we didn't know until after we acquired the property what our ultimate costs would be for that public area, because land prices in 1978 and 1979 were rising steadily. So that almost at the time we made an estimate of what acquisition costs would be in the future years, there was a good likelihood that that estimate would be exceeded.

And so given the conditions at the time, it perhaps had some value in approaching the problem as we have heretofore. That's the background.

Senator McClure. Well, there is some background. Of course I am a little troubled by the idea that we make estimates we know will be exceeded.

And I don't mean to nitpick on that particular point, but the estimates ought to cover whatever your anticipated cost is, including the expected escalation between the time of the estimate and the time of purchasing of the property, so that we have an accurate figure as to what it is going to cost.

Then ask us to provide the money. We will provide the money. Then you can pay the money, you don't have to borrow it, you don't have to pay Treasury and we all know up front what the costs are going to be. That seems to me to be a much better process than what's being utilized now.

How about restricting the borrowing authority to income-producing sites as a first step, and then merging the interest costs into the cost recovery. At least we would have ultimately have recovered the amount of money that was paid. If when we borrow money to buy nonincome-producing sites, the interest charges are added to it, that's the net loss and the permanent loss. At least if it were confined to income-producing sites, we would at least have the opportunity to recoup that cost.

Is that not correct?

Mr. MILIN. Yes, it is.

Senator MCCLURE. If you have any further thoughts with respect——

Mr. BERRY. We'd like very much to maybe put some thoughts down on paper, procedures that might avoid the interest payments in the future, and maybe comment on what you just said about the income-producing properties, with some protective thoughts we might have on the public properties.

This is a good point that you've raised and we want to address it. We would like to maybe recommend a procedure where no interest at all, or very little would be assumed in the future.

I think the other way to look at it too, in general—and while we should try to save as much Government money as possible, this mission we have is that as we are going down a little bit in budget and staff, we are somewhat different than the Post Office or Treasury or the Department of Agriculture, in that our mission, we think, will be completed by like 1990. And then, I think, realistically more than in theory we will self-destruct, which distinguishes us, I think, from other departments or agencies.

It would be our hope that while we are trying to economize and do everything we can to save the Goverment money and at the same time do what we are charged to do, that the Congress and the administration would keep in mind that we are somewhat different from normal agencies in that we do seek to self-destruct by 1990. And we would hope that the short-term problems right now being faced in the economy would not put us on too austere a schedule so that we don't accomplish what we will be proud of in the year 2000.

Senator MCCLURE. I understand your concern and I don't suggest that we deprive you of borrowing authority, and at the same time deprive you of appropriated funds. I don't think that is what you——

Mr. BERRY. I think your point is well taken, and we will look forward to maybe getting you a piece of paper very quickly on that.

Senator MCCLURE. If you would. There is pending legislation with respect to your borrowing authority and we would like to have your advice so that we might consider that in the committee that is considering that legislation.

Mr. BERRY. Thank you very much.

[The information follows:]

PROCEDURES FOR PURCHASING PRIVATELY-OWNED LAND FOR PUBLIC USES

The Corporation agrees with the subcommittee's suggestion that there is a more direct, and less costly, way for the purchase of privately-owned land earmarked for a future public use, such as for a sidewalk or a park. If the Office of Management and Budget is agreeable, we will propose to the committee a reprograming of perhaps as much as $5 million of currently available public development appropriations to be used directly for the purchase of the site at Market Square, which will be incorporated into the park. On a longer term basis, should there be any future needs for the acquisition of private land for eventual public purposes, we would propose in future budget submissions to OMB that the Corporation's public development fund be the source of moneys for such purchases; the land acquisition and development fund's borrowing authority would not be proposed as the source for such purchases.

REVENUE EXPECTATIONS

Senator MCCLURE. Is it possible that income from other properties which the Corporation is leasing will be sufficient over the long run to pay off not only the debt incurred when that individual property was purchased, but also sufficient to cover the costs of some of the public use areas?

Mr. MILIN. There is that possibility. Every 6 months or so we update our long-range financial plan. We look at the debt we incurred and the debt we expect to incur and match that against existing revenues and future revenues from both the sale and lease of land. And overall, not including the elements you are raising questions about, we look to paying back all of our debt. We would have to make as input the additional $6 to $8 million cost in question and see how soon after 1990 our income would be of sufficient size to pay that debt of as well. So, we can't really be sure here.

Senator MCCLURE. You are looking in that direction, but you are not sure yet where it is going to take you, is that correct?

Mr. BERRY. Yes; and I think it will get better in time. Next month we are getting more of a payment on rent at the Willard, for instance. It goes up to $800,000 a year. Of course that's leased, so we begin in time to even share in more than that when there is a profit.

The same with the Marriott/Quadrangle project across the street. But it is going to be, I think, a longer time process to accomplish that than just in the next few years. I don't think it's going to happen that soon. Every property we have acquired, fortunately, has been a good investment for the Government.

Senator MCCLURE. We look forward to your progress and a progress report when you are able to give us that.

WILLARD HOTEL

Last year you assured the subcommittee that the developer for the Willard Hotel would have no problem in meeting the Corporation's June deadline for obtaining the financing required. As that deadline passed, another financial partner was included in the deal.

What's the current outlook for this project, and has the Corporation developed any contingency plans in case his partnership falls apart?

Mr. BERRY. Well the deadline in June was extended. The reason it was extended was because the developer hadn't obtained his financing, which was required. During the extension period which was, in effect, a very short period—although some people thought it was 6 months because it went to December 4, under the lease agreement, and the former main development partner, Stuart Golding had a 3-month waiver period. So even if he had defaulted after 3 months the Corporation had to wait for an additional 3 months until it could do something. We extended until December 4 rather than until September 4.

During that time period the developer, the Willard Associates added as its main partner, the Oliver T. Carr Co. The Oliver T. Carr Co., became the main partner, along with a minor interest now being held by Mr. Golding and the Fairmont Hotel.

This was accomplished before the deadline of that extension. At that time the developer—the new developing team including Carr, gave the Corporation certain assurances. One was a commitment for financing with a consortium of banks from Riggs. That was for construction loan financing which in today's market makes some sense. The developer then has a chance over a period of time to seek permanent financing, hoping that the interest rate drops. If not, he's got his construction loan for $80 million.

In addition, he guaranteed to the Corporation, the Willard Associates, something that was very precious to us all along, and that was the extension of the Willard's design to the addition on the adjoining site. Also, the hotel use would be preserved including Peacock Alley and the Round Robin bar. That was important to us.

The site between the Washington and Willard Hotels where the old Occidental Building was, was also important. The originally-proposed design for the in-fill site by Hardy Holtzman, a well-known architectural firm, will remain.

The problem we had found with the former main partner was that the land use for the Willard and adjoining site was hotel and some retailing, which proved to be economically impossible to accomplish in today's market.

We explored hotel-condominium possibilities also. It too proved economically impossible in today's market. No developer would do it.

However a office-hotel-retail combination of land uses is very possible in today's market. Thus the Corporation's board of directors decided, given the guarantees of the construction loan, and the guarantee of the architectural firm that the design would not change, to change the use in the in-fill site to office-retail rather than hotel-retail.

It made a lot of sense because across 14th Street on square 254 a 800-room flagship hotel, the Marriott, is under construction. People were telling us, "You don't need a 600-room Marriott Hotel, it's too big, as a deluxe hotel—300, 350 rooms are much better."

It made a lot of sense and we accepted it. And we were quite happy to.

After that we had to negotiate a revised lease agreement. The lease is too big. Every lawyer that get's involved adds words, because when we started practicing law in England, we charged a nickel a word, so there were a lot of words.

We have just revised the lease and all the lawyers seem very happy with it. In fact, the Willard Associates have already signed it, and I'm going to sign it very soon. I just want to make sure, I'm going to read the whole thing.

So we think they are going to start some work this month, cleaning debris and so forth. I've talked to the people and they have a schedule. You will see in 1983 some serious work. Right now they are going to do a lot of work. You will see people out there and the site will be cleaned up.

I think the Carr Co.—these are not good times in the real estate business, but I think that the Carr Co. added to the Fairmont people, the Hardy Holtzman people, are collectively the right team to do the job. Nobody has a crystal ball, but it is the best possible picture right now for the Willard Hotel. And we are confident that it will be accomplished with the team that is there now.

So we are again positive, Senator, and we apologize for our misestimate to you before. We had confidence at that time.

Senator McClure. I am sure you were as disappointed as anyone else that that didn't come through.

Mr. Berry. The Willard really is the crown jewel of the avenue. It certainly is the best anchor for the beginning of the avenue on the west end.

SCHEDULE FOR THE WILLARD'S RENOVATION

Senator McClure. Work will begin there very soon. Is that physical work or just cleanup?

Mr. Berry. They are going to start immediately cleaning up the debris and doing some minor work. The actual construction work, I believe, will get started in 1983.

Senator McClure. How extensive is that expenditure that you expect to be undertaking very soon?

Mr. Berry. Several hundred thousand dollars, and the rent starts at $800,000 April 1, I believe. That is an increased rent picture for us there, which was part of the negotiation.

Senator McClure. You have already committed to it a schedule of expenditure other than the rental?

Mr. Berry. Yes.

Senator McClure. You indicate that they will spend thousands of dollars in this cleanup.

Mr. Berry. Several hundred thousand.

Senator McClure. Several hundred thousand? Is there a work schedule or a commitment for the expenditure of that money on a fixed schedule?

Mr. Berry. Yes.

Senator McCLURE. Which they would be in default if they did not meet?

Mr. BERRY. The fixed schedule—I am going to ask our general counsel to answer the fixed schedule. There's allowances for delays in Government bureaucracy, whether it's our own—hopefully not—or the District of Columbia or whatever. You have to get certain permits and approval.

Mr. MESZOLY. Mr. Chairman, we do have a fixed schedule; it is in the new lease document, and until the lease is fully executed we have a binding memorandum of understanding that obligates the developer to maintain that fixed schedule which includes, first of all, debris removal, later some demolition and other site preparation work, all of which will cost hundreds of thousands of dollars before excavation starts next spring. But they must stick with that schedule.

Senator McCLURE. That is required during 1982.

Mr. MESZOLY. Absolutely. Not only that, we learned from our past experience so that we now have a 30-day default period, so if anything goes wrong and he doesn't perform within 30 days, we can terminate the lease.

The tenant has agreed that we have to follow this quick termination if he fails to perform. He waives all claims and covenants not to sue so there won't be a tieup of the property, and we would be in a position to reoffer, sell or whatever we have to do to keep things moving.

NATIONAL THEATER

Senator McCLURE. To the best of your knowledge, has any agreement been reached between the square 254 partnership and the National Theater on the scope of the renovations and the type of utility system that will be provided?

Mr. BERRY. There are some encouraging meetings going on constantly and I and the staff have been a part of meetings so many months now on this subject.

I believe that many of the problems that have existed between the developers and the National Theater Corp. look like they are going to be solved in the very near future.

We have taken a part in it and very diligently, in my opinion, even though our lease is with the developer and not directly with the theater. We have an interest in what happens to the theater and picked the developer because of that interest.

He was the only one that wanted to keep it right there and refurbish it at a cost of millions of dollars. There's been a big issue over the heating system for months and months. This theater existed on gas while the developer had decided after a study, which was shared with the theater, to go electric.

That is really not something we should have maybe jumped in the middle of, but we did because there was a problem there—it seemed like an impasse—the theater refusing the system that was going to be surrounding it, and of course, the developer said he couldn't understand that.

With all the projections that were shared, long-range outlooks on the cost of these utilities seemed to be sort of equaling each other. If you look way out—certain efficiencies—the developer—but if the theater insisted on gas, the developer finally said during the course of these meetings: "We'll install that for you; if you like, you can keep that system"—we had also put a boiler in and done other work ourselves to help the theater—"and we will let you have the gas, as you'll have to reimburse us for any extra costs in doing that, but if you feel that way, you can have what you've asked for."

Now there seems to be some movement back to perhaps the initial concept. I've met with both Mr. Gladstone and Mr. Tobin. I met with Mr. Tobin this week and I'm meeting with Mr. Gladstone next week, the developer. And I think that now they are very close to resolving their differences.

PADC has not been remiss or lax in any of this; it's been one of these problems between the developer and his lessee, and I think it's been too slow in being solved. It's been our purpose to try and get in there, and I think it's now going to be achieved.

The mumblings about water pipe leaks or fire department citations or the theater is being safe I feel very strongly are not correct, and I would certainly hope that the theater is very safe.

We feel a moral responsibility—even if we don't have a legal one—to want to get in there and make sure it is safe. We've sent engineers in there recently to check it once again, and so have others, when we heard the rumors that it might not be safe, and the engineers have said it is safe.

A few cracks have to be repaired—it's an old building—there have been problems with the building before this all came about. There will be problems with the building no doubt after it comes about, but the theater is going to seem to have a very improved home with an improved ticket system—improved heating and air conditioning system, which is needed, and with a great shopping arcade right next door, an enlarged lobby.

I think they are going to be very happy once the developer can get this one problem solved, and we hope that will commence this summer—we are really pushing on it. It's made the newspapers—and I guess that's what sells newspapers— but no doubt when we solve it—the theater is just great—that won't make the newspaper, you know. [Laughter.]

STAFF REDUCTIONS

Senator McClure. We have the same dilemma on this side. According to the justification the Corporation will have suffered a 25-percent reduction in staff between January 1981 and October 1982.

Is it possible to quantify the effect of this reduction on the capabilities of the Corporation to carry out its responsibilities?

Mr. Berry. Well, we are going to carry out our responsibilities with a reduced staff. When I first was appointed as Chairman of the Corporation almost 2 years ago, I had been in the Government before and I did not like empire-builders, people who liked a lot of bureaucracy around them with numbers.

On the other hand, I thought we should have 50 people. Shortly after that we were frozen and then we went through the RIF's. I judged it from the standpoint that a private corporation doing what we were doing in the private sector would have far more than even 50 people—well, we are at 39—Parkinson's law works to a certain extent.

I will tell you that the staff of our Corporation—and I am a witness to it—because of this has had to work overtime, and maybe that's what you have to do.

And we've had some problems like other agencies, no doubt. I would hope that we could continue to carry out our mission, as we are trying very hard to do with our reduced staff.

We are going to have another RIF coming up this fiscal year, and we will go down further by three. And I think that anything is possible; we'll do what we have to do, and we know other Government agencies doing the same thing. And everyone is working together to save the Government money in all aspects, and we want to do our share.

At the same time a little agency cultivating ultimately over $1 billion of private development money, about $150 million of Government money, which has a short-lived mission to do a good job, hopefully, I wonder sometimes about the validity of cutting it down and cutting it down, when real estate companies in the private sector that have a third of our business have about three times the number of people that we have. So we certainly want to accept our responsibility.

I would hope that we're not in the long run—because of a temporarily bad economy—as Government, I should say, penny-wise and dollar-foolish when it comes to the PADC. Because we're not going to be around hopefully in 1991, 1992, 1993, asking for money; we are going to be out of business, we hope. We are going to do a good job and then leave, as you requested us to do in the early legislation.

WORK SCHEDULE IMPACT OF PERSONNEL REDUCTION

Senator McClure. Is this reduction in personnel going to make it impossible for you to meet your schedules?

Mr. Berry. I think it will slow us down. I don't want to say impossible.

Senator McClure. It jeopardizes those?

Mr. Berry. Yes, it does.

Senator McClure. With the other reductions in your budget, would it be necessary to add more program dollars as well as more staff, or would additional staff alone accelerate the Corporation's work?

Mr. Milin. Mr. Chairman, to some extent they go hand in hand. But, in public improvements and land acquisition activities, because we use contracts and because we buy property, our program work isn't directly affected by staff reductions—our output isn't necessarily that labor intensive.

I think Tom Regan can speak to this.

Senator McClure. The first end of the work is more labor intensive; it produces the demand for program funds, say, later.

Mr. Milin. What I am suggesting is that there is not a one-to-one relationship between the amount of people we have and the work we do, because we're working with contractors and because a lot of our expenditures are for such large cost items like land.

OLD POST OFFICE BUILDING

Senator McClure. The Corporation is scheduled to move into the renovated Old Post Office Building in November. According to the justification, insufficient funds are budgeted to pay the standard level-usage charges to GSA.

If you are indeed $125,000 short, well, you have to further reduce your employment level to obtain the necessary funds the space costs.

Mr. Berry. Well, we hope that we are given a sufficient appropriation so we can make up the difference in what it would cost us to move.

It's going to cost us something to move; the rent there is $26 a square foot in the Old Post Office, and we're paying $15 where we are.

I personally have worked on the Old Post Office Building quite a bit trying to move it along and get things right there like materials and the subway connection and whatever. We are all very enthused about it.

It seems to me that before we get into the money end of it, the PADC should be in the Old Post Office Building. It is a historic building—one of the best on the avenue, if not the best.

It seems to me that while we are living as a corporation here there's no better or more proper tenant than ourselves to be there. It seems like we've sold that view to the powers that be.

There's a long list of people that want to get into the building; now I'm told we don't have enough money to move and get into the building.

Senator McClure. You sold the view on the powers that be, but you haven't sold them on the need for the money.

Mr. Berry. That's what I'm trying to do sort of right now.

Senator McClure. I'm not a power to be. You've got to talk to Dave Stockman.

Mr. Berry. Well, we find out in this day and age you are going to have to talk to about everybody, not just to one person. But it does seem to me that it would be a shame if we didn't have the money now if we moved later in the fiscal year—it's scheduled for like March 1983—if that slows down—every month it slows down for us getting there, and at the peak of the year we'll save that much money per month.

It's the first time, I guess, we wouldn't mind a delay. But we would hope for the move, although the OMB has indicated to us at the moment that there's no more money coming for that. And we won't get the money. It's not that we haven't talked to them about it, Senator McClure, we have. Their first indications are that it won't be available.

Senator McClure. If you can't get the money, would you be better off to stay where you are?

Mr. Berry. Where we are is going to be very short-lived; we are going to have to go out anyway. The developers are going to redo that building, so it is not going to save particularly any money if we move to another building.

The big project coming on-stream right now at Connecticut and L—there's a softness in the real estate office building; there was in 1972, momentarily, and it's going to, I think, go back to being a strong market in a year or two.

But at Connecticut and L they are getting right now $35 a square foot. It seems to me if we have to wait and we get into some other new building somewhere, we are going to pay a lot more than this. It will cost the Government a lot more money, unless they put us somewhere on the edge of the County.

Senator McClure. Out beyond the Beltway.

Mr. Berry. We hope we are not that unpopular. [Laughter.]

MOVING COSTS

Senator McClure. No moving costs are identified in your budget—you made some reference to that. Do you have an estimate of the charges and how you propose to spend them?

Mr. Berry. There was one estimate; it seemed to me that it was a pretty high estimate—what was it, six figures?

Mr. Milin. We just very roughly estimated that it would cost us $20,000 to $50,000. We have a small staff, but that could easily be wrong. We haven't really looked at the question.

Senator McClure. How do you propose to pay for it?

Mr. Milin. Again, we don't have an answer.

Mr. Berry. We've got to ask people to improvise—I think we can work out the moving some way, not in an official way. The old "Sergeant Bilko" show—we'll get it moved, if we have to confiscate some jeeps at night.

Senator McClure. Midnight requisition.

Mr. Berry. Yes; but the other problem which we can't be quite as innovative on, in my opinion, would be the increased rent.

If the rent is $26 a square foot—and I think that's reasonable rent for that space—and our budget allows us $15, we've got a major problem.

Fifteen dollars is awfully reasonable on the avenue today. Even if we stayed in our building and we came back to it after they renovate it, it's not going to be $15 a square a foot at 12th Street and Pennsylvania Avenue, so we're going to have to go somewhere. And I don't think where we are going to be going too many places under $26 a square foot. And we should be in the Old Post Office Building.

LAND ACQUISITION AND DEVELOPMENT

Senator McClure. You are requesting $1,200,000 for the land acquisition and development fund. Even this modest appropriation will require an increase in the authorization ceiling.

A bill has been filed to increase the ceiling by $20 million. Do I anticipate that this increase will be sufficient to cover your requirements for the project?

Mr. MILIN. I think that's based on what we may have to acquire. That $20 million figure may or may not be sufficient, depending on the extent to which the Corporation has to help developers assemble developable areas.

We have been asked in the past and we have responded to requests by developers who are frustrated, because they simply can't get the last piece of property that they need assembled for development to proceed.

Senator MCCLURE. But if that does not happen, the $20 million will be sufficient?

Mr. MILIN. Again, it's uncertain. If we have to do a lot of land assembly for developers in the area, east of the FBI Building, which is substantial development, then the $20 million would perhaps not be enough.

Senator MCCLURE. Can you help us a little by giving us an estimate that is a little bit more than that may or may not be enough?

Mr. MILIN. I can say, if we have to substantially assemble the four block square north of the proposed Market Square project, it would be $50 million.

Fifty million dollars if we have to do the bulk of this site's acquisition.

Senator MCCLURE. The Pennsylvania Avenue Development Corporation is obviously a little different breed of cats than the ordinary Government operation.

But ordinary Government operations require some estimates that the people making them must stand behind.

Mr. REGAN. Senator, can we provide that for the record?

Senator MCCLURE. If you would, please. I understand your problem; I don't mean to be unduly restrictive, but we have to have some idea other than the fact that you may or may not want more money.

It might be a great deal more, it might be a little bit more. We just don't do business that way.

[The information follows:]

ADEQUACY OF PROPOSED LEGISLATIVE INCREASE FOR BORROWING AUTHORITY

The $20 million increase in borrowing authority now proposed will be sufficient for the short-term years only. By the mid-1980's, it is likely that an additional $20 to $40 million in borrowing authority increases may be necessary.

BUSINESS DEALS WITH DEVELOPERS

Mr. BERRY. What we are trying to do, is of course, work business deals with developers in that area which one, will give the area what it needs as far as mixed use and people involvement, and at the same time involve the Government with the minimum amount of money possible when it comes to land acquisition.

And there's ways to do that. And the problem is—and we'll address it on paper—but the problem is, it's a little bit of crystal-ball gazing at this moment as to how much the private developers can, using maximum efforts, do on their own and how much they're going to need us if we must step in, if there's one piece of property that just can't be obtained by a private developer, which would stop the whole section there.

But at this point it's guessing to a large extent what problems will come down the road. So the $20 million is a rather sort of in-between. It could go either way.

I can see scenarios, frankly, where we could get a lot better situation and not need that. On the other hand, it's not a lot of money with real estate going for up to $600 a foot, if we have to get something.

Senator McCLURE. I understand that, but if you could provide perhaps a little more detail for the record it would be very helpful to us to show what you anticipate and what the cost of what you anticipate might be along with some estimates or some alternatives that might be required and what the cost effects of those alternatives might be.

Mr. BERRY. We'd be very happy to do that.

Senator McCLURE. Thank you very much, Mr. Berry. If there are any additional questions, the staff will be in touch with you for the record.

Mr. BERRY. Thank you very much, Senator McClure.

SUBCOMMITTEE RECESS

Senator McCLURE. The subcommittee will stand in recess until March 31, at which time we will review the estimates for the strategic petroleum reserve and the naval petroleum reserves.

We will announce the time of that meeting at a later date.

[Whereupon, at 10:35 a.m., Thursday, March 25, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

WEDNESDAY, MARCH 31, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure and Schmitt.

DEPARTMENT OF ENERGY

ENVIRONMENTAL PROTECTION, SAFETY, AND EMERGENCY PREPAREDNESS

STATEMENT OF WILLIAM A. VAUGHAN, ASSISTANT SECRETARY

ACCOMPANIED BY:

- **RONALD L. WINKLER, DEPUTY ASSISTANT SECRETARY FOR ENERGY EMERGENCIES**
- **RICHARD D. FURIGA, DEPUTY ASSISTANT SECRETARY FOR THE STRATEGIC PETROLEUM RESERVE**
- **GORDON R. GILMORE, USN, DIRECTOR OF THE NAVAL PETROLEUM AND OIL SHALE RESERVE**

PREPARED STATEMENT

Senator MCCLURE. Good morning.

This is the time scheduled to review the fiscal year 1983 budget requests of the Department of Energy's strategic petroleum reserve, naval petroleum and oil shale reserves, and emergency preparedness. We will begin with emergency preparedness, whose fiscal year 1983 request is $5,440,000, a 47-percent decrease from the fiscal year 1982 level of $10,245,000.

Testifying this morning will be William A. Vaughan, Assistant Secretary, Environmental Protection, Safety, and Emergency Preparedness.

Secretary Vaughan, welcome on this, your first time before this committee. Please introduce those at the table with you and proceed to highlight your statement. Your full written statement will, of course, be made a part of the record.

[The statement follows:]

STATEMENT OF WILLIAM A. VAUGHAN

INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is my pleasure to appear before you today in support of the President's budget proposals for FY 1983 for the Office of Energy Emergencies, the Strategic Petroleum Reserve, and the Naval Petroleum and Oil Shale Reserves. The Department's energy emergency preparedness responsibilities are centered in these three program offices under my direction. I am accompanied this morning by Mr. Ronald L. Winkler, the Deputy Assistant Secretary for Energy Emergencies; Mr. Richard D. Furiga, the Deputy Assistant Secretary for the Strategic Petroleum Reserves; and Captain Gordon R. Gilmore, USN, Director of the Naval Petroleum and Oil Shale Reserves.

Before going into the specific budget requests for each of these offices, I would like to take a moment to discuss our approach to energy emergency preparedness.

The overriding goals of the Department's energy emergency preparedness program are to reduce the Nation's vulnerability to energy supply disruptions and to mitigate their impacts on the Nation. This Administration has redefined significantly our method of achieving this. We have abandoned the policy of extensive Federal intervention such as oil allocation, price controls, and mandatory demand restraint measures, because we found they created or exacerbated the adverse economic and social impacts.

Our strategy to achieve these goals is to rely primarily on the marketplace to respond to disruptions in energy supplies and to fill the Strategic Petroleum Reserve. Accordingly, we seek to remove barriers to short-term adjustments in the marketplace. Since the basic problem of a major energy supply disruption is the economy's difficulty in adjusting rapidly, one useful solution is to develop adequate crude oil stocks that can be drawn down in an emergency. Both private and Government-owned stocks are effective in dealing with oil supply disruptions, associated economic losses and national security threats. For the United States, protection against severe disruptions in petroleum supplies includes the Strategic Petroleum Reserve. In addition to our commitment to the SPR, we want to encourage the buildup of private stocks by suppliers and large consumers before an emergency, and we are working to remove disincentives for private stockbuilding. The Naval Petroleum Reserves are also producing at the maximum efficient rate and will sell the Government's share of production to the Department of Defense to aid them in establishing secure sources of supply.

Stimulating public understanding of the need to plan for energy emergencies and to facilitate effective communications during crises is another program priority. An important part of this effort is to encourage suppliers, consumers, and State and local governments to develop their own contingency approaches. Also, we are working closely with the International Energy Agency (IEA) to develop coordinated responses among the 21 members during a major supply disruption.

The balance of my testimony provides pertinent details of the Energy Emergencies Program, the Strategic Petroleum Reserve, and the Naval Petroleum and Oil Shale Reserves.

ENERGY EMERGENCIES PROGRAM

Our energy emergency strategy relies primarily on market mechanisms, coupled with self-help and liaison programs. In this way, we will facilitate free market responses to energy emergencies, and coordinate energy emergency planning. Because energy is critical to U.S. national security and defense needs, our planning also assesses vulnerability to terrorism and sabotage of the Strategic Petroleum Reserve, the Naval Petroleum and Oil Shale Reserves, the electric utility network, natural gas and petroleum pipelines, and other parts of the energy system. We have other on-going programs to improve energy emergency preparedness, including participation in the Emergency Mobilization Preparedness Board.

ORGANIZATION

The Office of the Deputy Assistant Secretary for Energy Emergencies develops emergency preparedness strategies and programs to reduce U.S. vulnerability to energy supply disruptions. Its two components are the Offices of Energy Contingency Planning and Energy Emergency Operations.

The Office of Energy Contingency Planning develops new initiatives, analyzes energy emergency issues, develops and tests emergency responses, and evaluates the probable consequences of such responses for other nations, Federal and State governments, industry, and individuals. The names of the Office's two Divisions describe their functions: Plans Development and Testing, and Scenario Development and Response Strategy Analysis.

The Office of Energy Emergency Operations monitors, reviews and analyzes data about energy resources as they relate to possible emergency situations, determines the imminence and potential magnitude of a shortage, and assesses its resulting impacts. The names of its two Divisions describe their main functions: National Security and Emergency Operations, and Energy Supply Evaluation and Risk Assessment.

FY 1982 ACTIVITIES AND ACCOMPLISHMENTS

Some of the highlights of FY 1982 activities and accomplishments are as follows:

Enhancing Supplies. We are responsible for various planning activities with respect to the Strategic Petroleum Reserve and the Naval Petroleum Reserves. Accordingly, we are developing an SPR Distribution Management Manual which identifies logistical, legal, and managerial requirements to distribute and use crude oil from the SPR. We are also evaluating and developing alternate drawdown approaches for SPR use in potential crises. To encourage private stocks we are evaluating options to eliminate disincentives, and studying possible incentives which might be appropriate.

Mitigating Impacts. Since we support U.S. involvement in the International Energy Agency, we are developing contingency plans for a National Emergency Sharing Organization and a mechanism to backstop voluntary offers by U.S. oil companies should the IEA emergency system be triggered. We are also developing plans for U.S. participation in the IEA's Allocation System Test-4 in the spring of 1983. Another project examines financial and economic impacts of energy supply disruptions, and the feasibility of recycling selected revenues.

Developing Essential Information. To meet statutory requirements or to fulfill our public responsibilities in emergencies, it is essential for the Department to analyze and disseminate certain information. For this reason we are developing a public information plan which will lead to greater public understanding of the need for energy emergency preparedness before a crisis occurs, and which will provide effective communications during a crisis. We are also developing and refining a daily energy situation report--an "early warning" system to provide accurate and timely assessments of domestic and international energy markets and conditions. In addition, we are developing a rapid information retrieval and analytical capability utilizing EIA data and expertise.

Coordinating With Other Agencies, States and Localities, and the Private Sector. Government cannot and should not attempt to accomplish the emergency preparedness task alone. To obtain needed industry expertise in planning for and responding to energy emergencies, we are considering the revitalization of the long dormant Executive Manpower Reserves--the Emergency Electric Power Reserve, the Emergency Petroleum and Gas Reserve and the Emergency Solid Fuels Reserve. The Reserves will provide a role for both energy producers and consumers as well as for State and local governments, financial institutions, and other businesses, on a volunteer basis, without establishing a permanent bureaucracy.

In addition to the Manpower Reserves programs, we have a responsibility to coordinate our activities with other State and local governments as well as with other Federal agencies. To facilitate communication, we maintain the DIALCOM electronic mail system with most States, the Regional Electric Reliability councils, energy associations and their regional and state affiliates.

Supporting Defense Preparedness. Several plans to support defense preparedness are under development, including National Oil Board plans to support the U.S. commitment to the NATO Civil Emergency Planning Organization and the NATO Wartime Oil Organization. We are also developing plans to implement the Defense Production Act Requirements to ensure energy supplies for defense needs.

Conducting Tests. We are planning for and testing various programs, including: IEA preparedness for energy emergencies, civil emergencies, military traffic, and Continuity of Government. We have just finished testing our Continuity of Government Plan and are preparing to test the Strategic Petroleum Reserve draw down management process.

FY 1983 EMERGENCY PREPAREDNESS BUDGET

The FY 1983 budget request for the Office of Emergency Preparedness is $5.4 million, a decrease of $4.8 million from the FY 1982 appropriation.

During FY 1983, our emphasis will be to enhance FY 1982 planning and operating readiness initiatives so we can assess national security needs and identify necessary responses during an energy emergency.

To carry out these objectives, the program will maintain and improve upon in-house expertise for planning and operations, thereby reducing the need for outside contract support.

Operating expenses for Emergency Planning are $840,000, down $2,010,000 from the $2,850,000 appropriated for FY 1982. This appropriation will permit us to address practical energy emergency problems, develop new responses, and analyze policy issues surrounding energy supply emergencies, consistent with the Administration's market-based energy approach. Another emphasis is our support for voluntary U.S. company participation in the IEA oil sharing program during emergencies. We will also be involved with NATO-related planning for oil supply and distribution and will develop scenarios to profile potential emergencies and develop and test appropriate responses.

Our FY 1983 request for operating expenses for Emergency Operations is $1,300,000, $2,050,000 less than the $3,350,000 appropriated the year before. Such an appropriation will allow us to implement defense programs and prepare to coordinate communications and operations during energy emergencies. Thus we will focus on programs to provide accurate and timely information to State and local governments and the general public. Where possible, we shall use existing capabilities such as interagency support agreements and Federal/State coordination mechanisms.

The balance of this request includes $3,300,000 for program direction costs, representing salaries and other expenses for 72 staff years, a decrease of $1,020,000 and 22 staff years from the FY 1982 appropriation.

The next segment of my testimony concerns the Strategic Petroleum Reserve.

FY 1983 SPR BUDGET

SPR OIL ACQUISITION ACTIVITIES

We have made a great deal of progress over the past year in filling the Reserve. As of March 22, 1982, the Strategic Petroleum Reserve contained 244 million barrels of crude oil and has a maximum draw down capability of 1.7 million barrels per day.

The total fill for calendar year 1981 was 122.5 million barrels, resulting in a cumulative fill of 230.3 million barrels by the end of 1981, which doubled the Reserve inventory from the December 1980 level. We exceeded an average daily fill rate of 300 thousand barrels per day for seven months last year with the highest rate of 513 thousand barrels per day achieved in May.

We used several methods to acquire SPR oil during 1981:

- 81 million barrels were acquired under a continuous open solicitation, taking advantage of the favorable spot market conditions which prevailed during this period.

- 20 million barrels were acquired under a commercial contract with Petroleos Mexicanos (PEMEX) in 1981.

- 20.7 million barrels were delivered under the Naval Petroleum Reserves (NPR) exchange agreements entered into in 1980 and from an NPR contract settlement.

- .8 million barrels of Alaskan North Slope crude oil were delivered to the SPR as part of a final settlement of a Consent Order.

There were four reasons for the SPR's oil acquisition success over the past year: (1) the policy impetus and sustained support of top Administration officials; (2) availability of oil storage capacily which had been left unfilled when this Administration took office; (3) favorable oil market conditions; and (4) Congressional approval of nearly $5 billion in appropriations requested by President Reagan since he took office.

For the remainder of FY 1982, we have an additional 23 million barrels under contract and scheduled for delivery. This will increase our cumulative SPR inventory to 267 million barrels at the end of FY 1982.

Since we now have contracted for most of the oil to be delivered to SPR facilities for the remainder of this fiscal year, we have temporarily deferred accepting further offers under the continuous open solicitation. Later this year we will again accept offers for short-term delivery as new storage capacity becomes available. We also plan to solicit contracts later this year for deliveries of oil to fill Phase II storage capacity during fiscal year 1983.

FACILITIES DEVELOPMENT AND OPERATION

We are developing the SPR program in three separate phases to provide 750 million barrels of capacity.

Phase I consists of 250 million barrels of storage capacity at five sites - Bryan Mound in Texas; and Bayou Choctaw, West Hackberry, Weeks Island and Sulphur Mines in Louisiana. It also includes construction of a government-owned terminal facility at St. James, Louisiana. Construction was completed on these sites in 1980, and we expect to complete actual oil fill of Phase I storage in FY 1982.

Under Phase II, we will gain an additional 290 million barrels of storage by expanding three existing Phase I sites. Bryan Mound is being expanded by 120 million barrels, West Hackberry by 160 million barrels and Bayou Choctaw by 10 million barrels. An existing storage cavern will be acquired for the additional capacity at Bayou Choctaw. New caverns will be created at Bryan Mound and West Hackberry through solution mining. Construction of all Phase II surface facilities was completed in 1981.

We started leaching of Phase II caverns at Bryan Mound in 1980 and at West Hackberry in May 1981. To date approximately 50 million barrels of gross cavern volume have been created in the Phase II caverns and we have begun injecting oil into the seven caverns which are available for oil fill at Bryan Mound. Acceleration of cavern development is being achieved through an increase of the leaching rate, which required modification of the brine disposal permit. This permit was granted last August by the Environmental Protection Agency. The increased leaching rate will provide 47 million barrels of additional storage capacity by the end of 1985 over the projections in the FY 1982 budget.

Phase III involves the further expansion of Bryan Mound and West Hackberry by an additional 70 million barrels and development of a new 140 million barrel site at Big Hill, Texas. The Big Hill site, as currently planned, will include fourteen new caverns and the necessary surface facilities, and when filled will increase the SPR drawdown rate to almost 4.5 million barrels per day. The Final Supplemental Environmental Impact Statement for SPR Phase III Development was published in October 1981, with the Record of Decision issued in January 1982. Detailed design was started in 1981, and Phase III construction will begin at Bryan Mound in 1982.

We have submitted a deferral to FY 1983 of FY 1982 budget authority for Big Hill land acquisition and long lead equipment. As the result of an Administration decision to delay completion of the 750 million barrel system by one year, to 1990, start of Big Hill construction is to be delayed one year, until 1984. This delay will have no effect on available storage capacity until 1987. Detailed design, however, will continue in FY 1982.

FY 1983 BUDGET REQUEST

The President's FY 1983 budget proposes a total of $2,316,178,000 in appropriations for the Strategic Petroleum Reserve. Of this total, $242,118,000 is for the on-budget Strategic Petroleum Reserve account to be used for storage facilities development and operations, planning, and program direction, and $2,074,060,000 is for the off-budget

SPR Petroleum Account. A further element of the President's FY 1983 budget is the deferral of $52,860,000 in FY 1982 appropriations for certain Phase III development activities.

During FY 1983 we will continue to fill the Strategic Petroleum Reserve to the full level of storage capacity as it becomes available. We expect to fill the SPR at an average daily fill rate of about 209 thousand barrels per day which would increase the cumulative fill level to 343.1 million barrels by the end of FY 1983.

OFF-BUDGET APPROPRIATION FOR PETROLEUM ACQUISITION AND TRANSPORTATION

The President's FY 1983 budget proposes an appropriation of $2,074,060,000 to the off-budget "SPR Petroleum Account" established pursuant to the Omnibus Budget Reconciliation Act of 1981. We plan to by 53 million barrels from the proposed FY 1983 appropriation, about 7 million barrels of which will be delivered in FY 1983, with the remaining 46 million barrels planned for delivery in FY 1984.

Since our existing appropriations through FY 1982 will permit contracting for a cumulative 336 million barrels, we are nearly in a position to fill the SPR storage capacity through the end of FY 1983 using only FY 1982 and prior year funding.

The substantial purchasing power of our FY 1982 and prior year funds explain why the further appropriations proposed for FY 1983 are significantly below the FY 1982 budget authority level. Actual outlays are expected to be approximately the same in FY 1982 and FY 1983--above $2.8 billion in each year. As provided by the Omnibus Budget Reconciliation Act of 1981, these outlays are not counted within Federal budget totals.

FACILITIES DEVELOPMENT

The FY 1983 budget request for facilities development and operations is $222,528,000. The proposed FY 1983 budget will permit continuation of Phase II capacity development, completion of Bryan Mound Phase III construction, and continued development of West Hackberry. With respect to facilities development, the proposed FY 1983 budget updates the baseline schedule for leaching new storage capacity primarily due to the decision to increase the leaching rate at the Bryan Mound site. As a result, we are now projecting a cumulative oil storage capacity of 456 million barrels by the end of FY 1985, an increase of 47 million barrels from the 409 million barrel projection for FY 1985 associated with the FY 1982 budget baseline. The deferral of funding for long-lead equipment purchases and real estate acquisition for the Big Hill Phase III site from FY 1982 to FY 1983 is the result of a decision to delay completion of the 750 million barrel system from FY 1989 to FY 1990. In the context of the Administration's policy of fiscal restraint, the reconfiguration of the SPR facilities development schedule represents the Administration's decision to focus SPR resources on the near-term (e.g. pre-1985) period when we are relatively more vulnerable. The one-year delay in initiation of Big Hill construction will reduce outlays by $175,000,000 in FY 1983 and FY 1984 while having no effect on storage capacity until 1987. At that point, the SPR will be more than two-thirds filled and the nation considerably less vulnerable to supply disruptions.

NON-PHASE SPECIFIC

This funding category was established several years ago to finance SPR facilities requirements not directly associated with specific phases of SPR development. For FY 1983, we propose a total of $86,728,000 for Non-Phase Specific activities, including Continuing Engineering

($8,648,000), Operations and Maintenance ($37,345,000) and Safety, Reliability, and Security Upgrades ($40,735,000).

Continuing Engineering activities in FY 1983 will remain at approximately the FY 1982 level and are required to identify and resolve technical problems, maintain an accurate definition of the SPR system and promote an integrated systems approach to SPR development activities.

Operations and Maintenance activities will be required for the duration of the SPR program but are particularly intensive during the period of facilities development and fill. Some operations and maintenance activities are funded within specific Phases, particularly those directly associated with storage cavern development. Others are funded through this Non-Phase Specific activity. The increase in budget authority proposed for FY 1983 reflects a combination of our ongoing reestimation and definition of operations and maintenance requirements plus the particular manner in which funding for these requirements is distributed among budget line items.

The Safety, Reliability and Security Upgrades program is an ongoing effort to modify existing SPR facilities from the original design criteria to new and more stringent criteria which emphasize safety, reliability, and security and provide more assurance of readiness of the SPR system for drawdown. A backlog of these projects has developed and the increase in funding in FY 1983 is intended to reduce this backlog and enhance system performance capabilities.

The final portion of my testimony covers the Naval Petroleum and Shale Oil Reserves.

NPOSR BACKGROUND

The Naval Petroleum and Oil Shale Reserves (NPOSR) consist of three petroleum reserves -- two in California and one in Wyoming -- and three oil shale reserves -- two in Colorado and one in Utah. They were established by a series of Executive Orders between 1912 and 1924 to provide a source for emergency petroleum supplies for the Navy.

Naval Petroleum Reserve No. 1 (NPR-1) consists of 47,985 acres located 35 miles southwest of Bakersfield, in Kern County, California. It was established in 1912 after the Secretary of the Navy asked for the cooperation of the Secretary of the Interior in securing the reservation for the Navy of oil-bearing public lands in California sufficient to insure a supply of 500 million barrels of oil. In response to this request, the U.S. Geological Survey recommended an area, Elk Hills in Kern County. Subsequent exploration has proven the wisdom of that choice, as recoverable reserves exceeded 1 billion barrels.

Naval Petroleum Reserve No. 2 (NPR-2) consists of 30,181 acres adjacent to and south of NPR-1. It was also established by Executive Order in 1912, and has been leased continuously since the early 1920's, producing over 600 million barrels of crude oil and leaving now only about 3% of recoverable reserves in place. Naval Petroleum Reserve No. 3 (NPR-3) consists of 9,481 acres located 35 miles north of Casper, Wyoming, in Natrona County. This Reserve was established by Executive Order in 1915. It was developed and produced until December 31, 1927, when the Reserve was shut-in following action by the Government to cancel the leases. The field remained in a shut-in status until the 1976 Production Act, except for a short exploratory program during 1951-1953, and an off-set drilling and production program initiated in 1958 to prevent drainage from the Reserve.

In 1976, the Naval Petroleum Reserves Production Act was passed which mandated that the Reserves be produced at their maximum efficient rates for six years, ending April 5, 1982. This Act also included provisions for extending production beyond that date in three year increments. It was intended that revenues from the sale of the petroleum would help offset the costs of exploring and developing the Reserves and the costs related to the Strategic Petroleum Reserve which was authorized in 1975. The 1976 Act did not change the national defense character and mission of the Naval Petroleum Reserves.

The Naval Oil Shale Reserves were originally set-aside as a further guarantee of oil for the Navy in future emergencies. Until 1977, the only activity at the Naval Oil Shale Reserves had been research conducted at a facility on Naval Oil Shale Reserve No. 3. In 1977, a Five-Year Predevelopment Program was initiated to analyze the resource, technical, environmental and socioeconomic factors related to future development of the Oil Shale Reserves. In regard to oil shale, this work largely has been completed. Assessment of the conventional oil and gas potential of these Reserves is continuing.

FY 1981 AND FY 1982 PROGRAM HIGHLIGHTS AND ACCOMPLISHMENTS

The Naval Petroleum and Oil Shale Reserves continued in 1981 to demonstrate their flexibility as vital national defense resources by providing petroleum both to the Department of Defense and to the Strategic Petroleum Reserve. The Reserves also contributed to the local petroleum industry by providing high quality crude oil, natural gas and liquid products for sale. Sale and exchanges for the Government's share of petroleum produced at the Reserves generated revenues of $1.6 billion for the U.S. Treasury, with program expenditures of approximately $216 million.

A major decision was reached in 1981 to continue production of the Naval Petroleum Reserves at their maximum efficient rates for three years beyond the initial six-year period ending April 4, 1982. Although the decision by the President was based primarily on economic considerations, the Department of Defense will benefit by receiving all of the Government share of crude oil production from the Reserves beginning May 1, 1982. DOD will exchange the crude for military fuels delivered at various locations in the United States. The exchange is open to all companies regardless of size thereby assuring competition. This assured supply of oil will help insulate the Department of Defense from the adverse impacts of future crude oil shortages.

Oil produced at Naval Petroleum Reserve No. 1 was also used indirectly to help resume fill of the Strategic Petroleum Reserve. The exchange program through which NPR-1 oil was exchanged for oil delivered to SPR storage sites was concluded November 1, 1981. Over the year preceding that date, an average of 103,472 BOPD were sold to six companies who provided an equivalent amount, totaling 36.7 million barrels, for storage in the Strategic Petroleum Reserve.

The past year was also notable in that the largest Reserve, NPR-1, reached its peak production rate. Production averaged 171,533 BOPD for the year, peaking at 181,800 BOPD in July 1981. The production rate had declined to about 172,000 BOPD by the end of calendar year 1981, and the rate will continue to decline as the Reserve is produced at the maximum efficient rate. Production of oil at NPR-3 remained stable, averaging 3,393 BOPD in 1981.

Attached to this statement is a statistical summary which includes exploration, development, production and revenue data for fiscal years 1981, 1982 and 1983.

FY 1983 BUDGET REQUEST

The FY 1983 Budget Request of $232,500,000 supports the President's decision to continue production of the Naval Petroleum Reserves at their maximum efficient rates and the Secretary's decision to forego further activity at the Naval Oil Shale Reserves at this time.

The budget request for the Naval Petroleum Reserves in California (NPR-1 and NPR-2) is $207,417,000. The funding is requested in four categories: (1) Operations and Maintenance ($102,267,000); (2) Exploratory Drilling ($10,000,000); (3) Development Drilling ($89,813,000); and (4) Development Facilities ($5,337,000).

The bulk of the Operations and Maintenance funds will be used to continue normal oil-field operations. For example, $38,025,000 will be used for the normal maintenance and repair of pipelines, tank settings and other field equipment; maintenance of the roads; operation of the water injection systems; maintenance of the electrical distribution system; and related activities. Another $17,198,000 will be used to fund various remedial actions needed to maintain wells in an optimum producible condition. Such actions include recompletions, well stimulation measures, artifical lift installations, and others. At an average cost of about $60,000 per well, the budget would permit work on an estimated 282 wells.

Also, in the Operations and Maintenance category, some $20,462,000 will be needed for the operations and maintenance of the gas plants and the liquid products loading racks. This covers all the facilities which are processing about 300 MMCF/D of natural gas and 600 thousand gallons per day of liquid products.

The request of $89,813,000 for Development Drilling is based on an optimum drilling program including water and gas injection as well as producing wells. To maintain maximum efficient production, an estimated 80 to 90 wells will be required annually for some period; this request provides for 85 wells.

The Development Facilities request is for $5,337,000. This category is reduced from prior years because the major constuction project at NPR-1, the California Development Project consisting of 25 separate construction projects, has been fully funded for $361,200,000. Because it has been determined that one of the projects, the rail-loading facility, will not be needed, with the Committee's concurrence, $5,000,000 of those funds will be applied to FY 1983 facility projects. The total facility construction program for FY 1983, therefore, will consist of $10,335,000 for a variety of field projects.

The Exploration Drilling request is for $10,000,000. This will fund three wells to be drilled in areas with geological characteristics similar to current producing areas.

The FY 1983 Budget Request for Naval Petroleum Reserve No. 3 (NPR-3) is $19,855,000. Almost two-thirds of this request, $12,605,000, is to support routine Operations and Maintenance activities. The other requests include $5,750,000 for the Development Program, most of which is for drilling in-fill wells, and $1,500,000 for the operation and evaluation of the Enhanced Oil Recovery Pilot projects. If the pilot program is successful, full-scale operations would be inititated in FY 1984.

The Naval Oil Shale Reserves request has been reduced in FY 1983 to $90,000. This reflects completion of the Five-Year Predevelopment Program for these Reserves to assess the resource and the preparation of a Programmatic Environmental Impact Statement. The program has been very successful in providing information which will greatly expedite a development program at the appropriate time. The FY 1983 request will support a limited monitoring of the environment, including hydrology, and will fund the land management program conducted by the Bureau of Land Management.

The final category is Program Direction, which is used primarily to pay salaries, benefits, travel and training for the 120 Civil Service employees who manage this program. The FY 1983 Budget Request for this category is $5,138,000.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions.

Attachment

SELECTED STATISTICAL DATA

	FY 1981 Actual	FY 1982 Estimated	FY 1983 Estimated
NPR-1			
Production			
Oil (MBOPD)	171.5	172.0	157.0
Liquid Products (MGAL/D)	508.3	617.0	700.0
Gas (MMCF/D)	276.8	304.0	350.0
Revenue ($ Million)			
Oil*	$1,430.5	$1,536.2	$1,455.7
Liquid Products	82.0	92.6	116.3
Gas	61.5	71.6	78.9
TOTAL	$1,574.0	$1,700.4	$1,650.9
Wells			
Drilled (Annual)	49	95	88
Cumulative (All Sources)	2,055	2,150	2,238
Producible	1,160	1,262	1,299
Average Wells on Production	1,081	1,161	1,195
NPR-3			
Production			
Oil (MBOPD)	3.4	3.6	3.0
Liquid Products (MGAL/D)	16.1	16.0	18.0
Gas (MMCF/D)	7.7	8.0	8.0
Revenue ($ Million)			
Oil*	$44.9	$46.9	$39.7
Liquid Products	2.3	2.9	3.2
Gas	.1	2.3	2.5
TOTAL	$47.3	$52.1	$45.4
Wells			
Drilled (Annual)	22	23	21
Cumulative (All Sources)	679	702	723
Producible	454	460	470
Average Wells on Production	439	450	460

* Includes Windfall Profit Tax

SUMMARY STATEMENT

Mr. VAUGHAN. Mr. Chairman, it is my intent this morning to use an abbreviated form of the statement. You have the full statement for the record.

It is my pleasure to be here, Mr. Chairman, to support the President's budget proposals for fiscal 1983 for the Office of Energy Emergencies, the strategic petroleum, and the naval petroleum and oil shale reserves.

As you know, the Department's energy emergency preparedness responsibilities are centered in three program offices under my direction. I am accompanied this morning by Mr. Ronald L. Winkler, the Deputy Assistant Secretary for Energy Emergencies, immediately on my left; Mr. Richard D. Furiga, the Deputy Assistant Secretary for the strategic petroleum reserve, on my immediate right; and Capt. Gordon R. Gilmore, the Director of the naval petroleum and oil shale reserves, on my far left.

Before going into the specific budget requests for each of these offices I would like to take a moment to discuss our approach to energy emergency preparedness.

The overriding goals of the Department's energy emergency preparedness program are to reduce the Nation's vulnerability to energy supply disruptions and to mitigate their impacts on the Nation. We have abandoned the past policy of extensive Federal intervention such as oil allocation, price controls, and mandatory demand restraint measures, because we found these measures created or exacerbated adverse economic and social impacts.

Our strategy to achieve these goals is to rely primarily on the marketplace to respond to disruptions in energy supplies, and to fill the strategic petroleum reserve. Accordingly, we seek to remove barriers to short-term adjustments in the marketplace.

In addition to our commitment to the SPR, we want to encourage the buildup of private stocks by suppliers and large consumers before an emergency ensues, and we are working to remove disincentives for private stockbuilding. We will also encourage suppliers, consumers, and State and local governments to develop their own contingency approaches.

To go specifically to the energy preparedness fiscal year 1983 budget request, the request for the Office of Energy Emergencies, as you noted in your opening remarks, is $5.4 million, a decrease of $4.8 million from the fiscal 1982 appropriation.

During fiscal 1983 our emphasis will be to enhance the fiscal 1982 planning and operating readiness initiatives so we can assess national security needs and identify necessary responses during an energy emergency.

To carry out these objectives, the program will maintain and improve upon in-house expertise for planning and operations, thereby reducing the need for outside contract support.

This request will permit us to address practical energy emergency problems, develop new responses, and analyze policy issues surrounding energy supply emergencies.

Another emphasis is our support for voluntary U.S. company participation in the International Energy Agency oil sharing program during emergencies. We will also be involved with the NATO-related planning for oil supply and distribution, and will develop scenarios to profile potential emergencies and develop and test appropriate responses.

It will also allow us to implement defense programs and prepare to coordinate communications and operations during energy emergencies. We will focus on programs to provide accurate and timely information to State and local governments as well as the general public.

To turn for a moment to the strategic petroleum reserve request, the strategic petroleum reserve presently contains 245 million barrels of crude oil and has a maximum drawdown capability of 1.7 million barrels per day. We project that during the first week of April we will be placing the 250 millionth barrel of oil in storage, and we hope, sir, that you will join us in the ceremonies next Monday at one of the storage sites to commemorate completion of phase I of the program.

In the past 14 months this administration, with the assistance of the Congress, has increased the oil stored in the reserve by over 130 percent to where it is now essentially one-third full.

For the remainder of fiscal 1982 we have an additional 23 million barrels under contract and scheduled for delivery. This will increase our cumulative strategic petroleum reserve inventory to 267 million barrels at the end of fiscal year 1982.

The President's fiscal year 1983 budget proposes a total of $2,316,178,000 in appropriations for the strategic petroleum reserve. Of this total, $242,118,000 is for the on-budget strategic petroleum reserve account to be used for storage facilities development and operations, planning, and program direction; $2,074,060,000 is for the off-budget strategic petroleum reserve petroleum account.

During fiscal 1983 we will continue to fill the strategic petroleum reserve to the full level of permament storage capacity as it becomes available. We expect to fill the reserve at an average daily fill rate of about 209,000 barrels per day which would increase the cumulative fill level to 343.1 million barrels by the end of fiscal 1983.

We are developing the strategic petroleum reserve program in three separate phases to provide 750 million barrels of capacity.

Phase I consists of 250 million barrels of storage capacity at five sites which will be filled during this fiscal year. In fact, next Monday morning.

Under phase II we will gain an additional 290 million barrels of storage by expanding three existing phase I sites. To date approximately 50 million barrels of gross volume have been created in phase II and we have been injecting oil into seven caverns. Acceleration of cavern development will provide 47 million barrels of additional storage capacity by the end of 1985 over the projections we had in our fiscal 1982 budget.

Phase III involves further expansion by an additional 210 million barrels, including a new 140 million barrel site at Big Hill, Tex.

As the result of an administration decision to delay completion of the 750 million barrel system by 1 year, to 1990, we have submitted a $53 million deferral to fiscal year 1983 of fiscal year 1982 budget authority for Big Hill land acquisition and long lead equipment. Start of Big Hill construction will be delayed 1 year, until 1984. This delay will have no effect on availability or capacity until 1987.

I will turn now to the naval petroleum and oil shale reserves budget request for fiscal year 1983 which totals $232,500,000. This request is consistent with the President's decision to continue production of the naval petroleum reserves at their maximum efficient rates. Production at the reserves will continue at least through April 1985. We will forego further development of the naval oil shale reserves in Colorado and Utah after the completion this year of the 5-year predevelopment plan. This will leave the reserves in a state of readiness for future development.

The naval petroleum and oil shale reserves were originally established to guarantee a source of petroleum supplies for the Navy. They continue to demonstrate their importance as a vital national defense resource and as a significant source of revenues for the Government.

Production at the largest reserve, NPR-1 in California, peaked at 181,800 barrels of oil per day in July 1981, with production for the fiscal year averaging 171,533 barrels of oil per day. Production of oil at NPR-3 in Wyoming averaged 3,393 barrels of oil per day in fiscal 1981. Sales and exchanges for the Government's share of petroleum produced at the reserves in fiscal 1981 generated revenues of some $1.6 billion, with program expenditures of approximately $216 million.

From November 1, 1980, through November 1, 1981, an exchange program was undertaken whereby oil produced at NPR-1 was exchanged for oil delivered to the strategic petroleum reserve storage sites. Under this program a total of 36.7 million barrels went into the SPR.

Sales of NPR oil to the Department of Defense started in July 1981. Beginning on May 1, 1982, all of the Government's share of crude oil from the naval petroleum reserve will be sold to the Department of Defense, thereby assuring a steady source of military fuels for our armed forces.

This concludes, Mr. Chairman, my formal statement. I will be pleased to answer your questions.

FISCAL YEAR 1982 SPR OIL ACQUISITION

Senator McClure. Thank you very much, Mr. Secretary.

On page 5 of your statement, you mention that there are 23 million barrels under contract and scheduled for delivery during the balance of fiscal year 1982. Is that the total source of supply for SPR during that period of time?

Mr. Furiga. Yes, sir; it's a result of oil that's on order, under contract. It is the total barrels available to SPR, not counting future deliveries from the PEMEX contract, which, of course, continues at 50,000 barrels a day through August 1986.

Senator McClure. So you will have the 23 million barrels that's under contract, plus 50,000 barrels a day under the other contract?

Mr. Furiga. After September 30 we will have 266 million barrels under the ground, which includes the 23 million barrels that will have been delivered.

Senator McClure. Then that fill rate between now and the end of the year is 130,000 barrels a day?

Mr. Furiga. Yes, because we've been pouring in the ground 300,000 barrels a day for the first quarter of the fiscal year.

Senator McClure. Can you tell me why in a declining market you are cutting back on purchases?

Mr. Furiga. We are not cutting back on purchases; we are procuring what our budget said we could procure this year. It called for 185,000 barrels a day.

Senator McClure. So since you've been faster in the first part of the year you will be slower in the second part of the year?

Mr. Furiga. That's right.

Senator McClure. You are aware, aren't you, of the congressional direction that minimums be 100,000 barrels a day but the target be 300,000 barrels a day?

Mr. Furiga. I am aware of that language.

Senator McClure. And the administration has selected not to follow that?

Mr. Furiga. Our budget does not call for that, yes, sir.

BIG HILL DEFERRAL

Senator McClure. Secretary Vaughan, as most everyone familiar with the SPR is aware, the project has taken on many different forms over the past 5 or 6 years. The 1983 budget request in fact represents the sixth distinct plan for completing the reserve since the original 1976 plan. For what specific reasons has the administration chosen to stretch the completion date of 750 million barrel capacity to fiscal year 1990?

Mr. Vaughan. That's the Big Hill deferral of 1 year from 1989 to 1990. The specific central reason, Mr. Chairman, is budgetary outlays.

Senator McClure. And is that budgetary outlay primarily with respect to purchase of the oil? Or is with respect to completion of the storage capacity?

Mr. Vaughan. The budgetary impact is primarily in facilities capacity and the acquiring of long lead equipment and land acquisition. That is what we are deferring.

Senator McClure. There are two parts to the budget question. One is the oil itself and the other is the facility, and the stretchout is primarily budgetary?

Mr. Vaughan. Yes, sir.

Senator McClure. And the budgetary impact is primarily, in your judgment, for facilities?

Mr. Vaughan. That is the near-term impact. There is obviously an impact on the actual petroleum purchase account.

Senator McClure. What is the total of the additional facility cost?

Mr. Furiga. Senator, the Big Hill facility cost is about $800 million. This 1-year deferral we estimate will increase that facility cost by $95 million.

Senator McClure. What was that figure?

Mr. Furiga. The original estimate for Big Hill completion in 1989 was around $800 million. By its delay to a 1990 completion, due to escalation and other factors, we estimate another $95 million in addition to that. The added oil costs due to delay will be approximately $530 million.

Senator McClure. The total oil purchase deferral will be how much?

Mr. Furiga. The Big Hill deferral has no impact on oil purchases in the 1983, 1984, 1985 timeframe.

Senator McClure. At 300,000 barrels a day, would you run out of storage capacity in 1983?

Mr. Furiga. We do not have the permanent storage capacity to maintain the 300,000-barrel-a-day storage rate.

SPR FILL RATES AND INTERIM STORAGE

Senator McClure. So the decisions complement each other, and are in balance with each other, but there is a reduction in oil purchases. Assume for a moment that you were to fill at a 300,000-barrel-a-day rate, what would your deferral be in oil cost in the first year? You've elected to fill at an average rate of slightly over 180,000 barrels a day instead of 300,000 barrels a day.

Mr. Furiga. In 1982, yes, sir.

Senator McClure. In 1983 what is the differential in budget impact between those two figures?

Mr. Furiga. In fiscal 1983, our budget shows we plan to fill with——

Senator McClure. I'm not asking what you planned; I'm asking the differential between what you planned and what Congress suggested should be the upper range.

Mr. Furiga. For us to attain a 300,000-barrel-a-day rate until we hit 500 million barrels in storage, it would require advancing approximately $3 billion in oil funding for the fiscal year 1985, 1986 timeframe into the 1982, 1983 timeframe.

Senator McClure. Then the real budgetary impact is not in the facilities, it's in the oil itself.

Mr. Furiga. There will, of course, be additional costs for the interim facilities.

Senator McClure. Yes; I understand that. What would those costs be?

Mr. Furiga. To achieve a fill rate of 300,000 barrels a day, until the 500 million barrel level is reached, would cost approximately $500 to $600 million for interim storage facilities.

Senator McClure. For additional interim storage?

Mr. Furiga. For the timeframe 1982, 1983, 1984, and 1985.

Senator McClure. For interim storage?

Mr. FURIGA. For interim storage.

Senator MCCLURE. That's just lease cost? When you're talking about interim storage, what are you talking about?

Mr. FURIGA. Lease cost.

Senator MCCLURE. Five hundred million dollars for a period of a year or two?

Mr. FURIGA. Approximately $150 to $200 million per year, depending on the type of storage, yes, sir.

Senator MCCLURE. One hundred and fifty to $200 million per year for the additional storage that would be required?

Mr. FURIGA. Yes, sir.

Senator MCCLURE. Because of the delay in Big Hill?

Mr. FURIGA. Not because of the delay in Big Hill capacity. You don't see the effect of that delay until the 1987, 1988 timeframe.

Senator MCCLURE. So how long would you have interim storage capacity that would be required?

Mr. FURIGA. We anticipate meeting the 500-million-barrel mark in 1986 using permanent storage facilities.

Senator MCCLURE. Have any studies been conducted which indicate how much the 1-year delay will cost, including possible projected increase of oil prices between 1989 and 1990?

Mr. FURIGA. Those are the figures I cited earlier, Mr. Chairman. It's $95 million in facility cost increase and approximately $530 million in oil fund increase because of that 1-year delay.

Senator MCCLURE. So the costs of the interim storage are about equal to the increased cost of acquisition.

If we were to increase purchases at the rate of 300,000 barrels per day until the 750 million barrel level is reached, would I be correct in assuming that that acceleration would result in a 1987 purchase completion date?

Mr. FURIGA. Yes, that is correct.

Senator MCCLURE. If we were to fill at that rate and acquire temporary storage necessary to accommodate that purchase rate, how long would it be before we were able to transfer from leased storage to permanent storage?

Mr. FURIGA. During the fiscal year 1985–87 timeframe?

Senator MCCLURE. At whatever timeframe we could have the Big Hill finished. When Big Hill is finished we'll have 750 million barrels of storage capacity, is that correct?

Mr. FURIGA. That's correct. With our present budget we would be moving oil out of the interim storage in the 1988, 1989, 1990 timeframe, if we had achieved a 300,000-barrel-a-day storage rate through 1987.

Senator MCCLURE. Do you have an estimate of the cost of placing the oil in temporary storage and then transferring it to permanent storage?

Mr. FURIGA. To the 750 million barrel level?

Senator MCCLURE. Yes.

Mr. FURIGA. I have that cost. I don't have it at my fingertips.

Senator MCCLURE. Could you provide it for the record?

Mr. FURIGA. Yes.

[The information follows:]

INTERIM STORAGE COSTS

To maintain a 300,000 barrel a day fill rate starting in fiscal year 1982 and continuing until a 750 million barrel fill level is achieved would require the acquisition of varying amounts of interim storage capacity in each year through fiscal year 1989, with a peak of over 200 million barrels in storage outside permanent storage capacity in fiscal year 1986. Overall, some 975 million barrel years of interim storage facility use would be required. A recent GAO report estimated such interim storage fees at $1.757 to $3.561 billion based on a cost range of $1.80 to $3.65 per barrel per year. Overall, a cost range of $2 to $3 billion appears reasonable. However, while it appears a substantial amount of surplus private storage capacity is available at the present time, the Department believes that there are major uncertainties about the cost of availability of such storage capacity at the end of this decade.

The total direct cost estimate for achieving 750 million barrels under the President's fiscal year 1983 budget is slightly over $33 billion of which nearly $30 billion is for oil. With a 300,000 barrel per day fill rate, the direct oil cost would decrease by $2.6 billion but be approximately offset by an added $2 to $3 billion in interim storage costs. In addition, the earlier outlays for SPR oil purchases under an interim storage approach would increase Federal budget deficits and Treasury borrowing expenditures. Such added borrowing costs could represent a further $2.3 billion in expenditures through 1990 under the interim storage approach. Thus, a policy of achieving 300,000 barrels per day through completion of 750 million barrels fill would not represent a net cost savings to the Federal budget under current administration oil price forecasts.

REDUCTION IN PROJECTED OIL PRICES

Senator MCCLURE. On page 56 of your justification you indicate that the projected total cost of the 750 million barrel strategic reserve will be $33 billion, a decrease of $8 billion from last year's projection. The market is better now, but on what basis have you made the projection which calls for an overall 20-percent reduction after just 1 fiscal year?

Mr. FURIGA. Mr. Chairman, that's purely a decrease in the assumed oil prices.

Senator MCCLURE. Twenty percent over time?

Mr. FURIGA. Yes, sir. For that timeframe up to 1990.

Senator MCCLURE. Upon what did you base that projection or assumption? Are you assuming that the current trend of oil prices downward will continue downward?

Mr. FURIGA. No, sir. Not that it will continue downward through 1990, but due to the recent experience with falling prices, the assumption is that prices will never build back up to what was originally assumed in the 1982 budget for the 1987, 1988, 1989, 1990 timeframe.

Senator MCCLURE. OK. What were your assumptions in oil prices in the last assumption?

Mr. FURIGA. I'll have to provide those for the record.

Senator MCCLURE. And what are your assumptions of oil prices over that timeframe and your current projections?

Mr. FURIGA. We will provide that for the record.

Senator MCCLURE. If you'll do so, please.

[The information follows:]

OIL PRICE ASSUMPTIONS

The oil price assumptions shown below are the basis for the fiscal years 1982 and 1983 oil budgets. These tables of crude oil price estimates are for the fourth quarter of each calendar year until there are 750 million barrels of oil in storage.

	Fiscal year 1982 budget current dollars	Fiscal year 1983 budget current dollars
1981	40.66	36.52
1982	45.11	36.60
1983	49.51	38.62
1984	53.83	40.91
1985	58.34	43.24
1986	62.88	45.67
1987	67.70	48.19
1988	72.88	51.77
1989	77.04	55.62
1990		[1]N/A

[1] The SPR is budgeted to be completed in the last quarter of the fiscal year, 1990. The data shown, however, are for the last quarter of the calendar year, that is, after completion in 1990. Extrapolation of available figures suggest that a reasonable final quarter 1990 price is $59.66.

DECREASING OIL PRICES

Mr. VAUGHAN. Mr. Chairman, we'll provide those specific figures. The essential difference is, however, that planning for the fiscal year 1982 budget, oil prices were assumed to be going up, and there are now new figures that track prices coming down and flattening for a good period of time before increasing again. That's the difference.

Senator McCLURE. Well, I understand that, although I would like to see the precise figures. There is one thing that worries me, however, and that is the tendency we always seem to have of projecting the current trends regardless of what those current trends are. Last year the future looked bad, this year the future looks good, and that's based upon what seems to me to be simply no evidence other than current trends. Can you tell me that we are going to have perfect political, economic, and social stability in Libya, Iran, Iraq, Nigeria, Kuwait, the gulf Sheikdoms, Saudi Arabia, or Indonesia over the next 10-year period?

Mr. VAUGHAN. I certainly cannot, but I do believe that the market internationally in oil is definitely declining and there are a number of indications that it looks like it will stabilize for a while. There certainly could be instability, particular political problems and that sort of thing, and that could cause market aberrations again. There is no doubt about that.

Senator McCLURE. Market aberrations. You mean market changes?

Mr. VAUGHAN. Fast changes rather than trends.

Senator McCLURE. All right. I wanted a definition of that term "aberration." An aberration depends on which side of the table you are sitting at the time you're selling, doesn't it?

I suspect OPEC thinks this is an aberration right now.

Mr. VAUGHAN. I suspect they hope so.

Senator McCLURE. Well, let's test that assumption for just a moment. You say the trends are down. Upon what assumption are you making your future projections with respect to economic activity? Is the United States going to have an economic recovery?

Mr. VAUGHAN. We're certainly expecting the United States to have one.

Senator MCCLURE. Between now and 1990.

Mr. VAUGHAN. Absolutely.

Senator MCCLURE. Starting when?

Mr. VAUGHAN. I hope this year.

Senator MCCLURE. Well, I assume your projections are based upon more than just hope. That is a projection you're making?

Mr. VAUGHAN. That is the projection that tracks with the administration.

Senator MCCLURE. And what will that rate of growth be if we have an economic recovery?

Mr. VAUGHAN. I don't recall what the administration's official forecast is. We can dig that out and furnish it for the record.

Senator MCCLURE. Whatever the official forecast is you're using for these purposes?

Mr. VAUGHAN. Yes, sir.

Senator MCCLURE. And what will be the energy consumption growth compared to the growth in economic activity?

Mr. VAUGHAN. That's, I think, one of the most provoctive questions in this whole subject, Mr. Chairman. I don't really think anybody knows.

Senator MCCLURE. But you are making some assumptions.

Mr. VAUGHAN. We think there is a definite breaking of past linkages. We do not know—I don't think anybody knows—what new linkage there will be. There definitely have been significant changes in the demand, lifestyles of American citizens and our businesses, and we'll have to return to a period of growth to really know with any degree of certainty what that new linkage is. There are many signs that indicate it will be significantly lower than it has been in the past. Conservation is definitely built in. There is a significant amount of fuel switchability or convertibility in major facilities now. The driving public has significantly changed its patterns, automobile patterns, on a program that will keep it different, on a much more efficient trend in the future than in the past.

One of the things that I think will heavily reinforce that trend is this administration's commitment to market pricing which would tend to keep prices up rather than artificially low, and that's a very important part of maintaining efficiency.

Senator MCCLURE. I understand that, and I do want to return to the core question. However, I can't help but noting just a moment ago you told us petroleum prices were going to go down. Now you are saying the policy is to keep them up. What is your forecast of energy consumption as a ratio of GNP growth?

Mr. VAUGHAN. I don't have a specific number, Senator. I will furnish it for the record. It's in the national energy plan, a document that was filed this summer.

Senator McClure. You're staying with that forecast at this time. As you know, for many, many years the ratio was 1 to 1; for every 1 percent increase in GNP there was a 1-percent increase in energy consumption. That pattern was broken in 1968 and 1969 and returned to that pattern in 1970 and the years since then up until this recession. This recession and all of the accompanying facts that went on have reduced that to about 0.6 to 1. Are you assuming that it is going to stay down at 0.6 to 1? Or is it going up above that? And if so, how much above that?

Mr. Vaughan. I don't think it will stay down at the 0.6 level. I think it will come back soon, but in no way do we think it will come back 1 for 1, and I will furnish that figure.

Senator McClure. All right, if you would, because there is a tremendous difference between 0.6 to 1 and 1 to 1, just as there is a tremendous difference between 0.7 to 1 and 0.9 to 1.

Mr. Vaughan. Yes, sir.

[The information follows:]

Energy Consumption as a Ratio of GNP Growth

The following information is excerpted from DOE publication PE-0030, Interrelationships of Energy and the Economy: A Supplement to the National Energy Plan (July 1981), pp. 27 through 30:

Between 1980 and 1990, world oil prices were assumed in this analysis to grow roughly at 1, 3.5, and 6 percent per year relative to inflation under the low, medium, and high price scenarios, respectively.

In the high oil price scenario, total energy consumption grows at an average annual rate of 0.5 to 0.8 percent between 1980 and 1990, while real GNP grows at an average rate of 2.5 to 2.9 percent (with differences in the models accounting for the ranges, as usual). The amount of energy required per real dollar of output declines from about 52,000 Btu's to about 42,000 Btu's. A similar pattern occurs with the low price scenario: GNP grows at an average annual rate of from 2.8 to 3.2 percent, while energy consumption grows at only 1.3 to 1.7 percent annually. Energy required per dollar of output in the low case declines to about 45,000 Btu's. The drop in the energy/GNP ratio in the low price scenario is not as great, but it is still significant.

GAO REPORT ON EMERGENCY PREPAREDNESS

Senator McClure. And I would like to know what the assumptions are.

I have some other detailed questions with respect to acquisition rates and costs of the storage facilities, which I will submit for the record. Or perhaps Senator Schmitt will ask those questions when he arrives.

If we could now turn to the emergency preparedness: Secretary Vaughan, last September the General Accounting Office published a report on the Government's energy emergency preparedness posture. Their conclusion was that:

> The U.S. Government is almost totally unprepared to deal with disruptions in oil imports. Oil import disruptions pose a significant threat to national security, and the task of effective contingency planning and program development to date is serious and requires immediate attention.

In last year's hearing concerning emergency preparedness DOE officials stated that the core of your emergency plan is made up of three elements: the voluntary response mechanisms, the storage, and public information. Yet in a more recent review of your 1983 budget the GAO reports you project no level of effort for consumer information programs, voluntary programs, mandatory programs, or revising the basic law on demand restraint to make planning and implementation more timely.

All of this, of course, implies that you focused on two of the three elements that were mentioned last year, and have done very little to prepare the Government and the people for an emergency later, which we all assume will happen either sooner or later.

How would you respond to this statement and what is your reaction to GAO's reports?

Mr. VAUGHAN. Our reaction to the report, Mr. Chairman, was first that, simply put, we believe that the GAO adopted a standard of measurement that defined emergency preparedness as a plan which included pricing and allocation controls primarily, and that if your view did not include those elements, then you were unprepared. That is a philosophical approach which GAO was well aware that this administration did not agree with. I, of course, reject the original premise on which that conclusion is based, that price and allocation controls are the way to go. In fact, as you mentioned, officials last year indicated voluntary response, and obviously that's voluntary response to pricing. It seems to me that commitment is still there.

Second, I believe the officials last year talked about storing oil. We are continuing to store oil. In fact, this administration has more than doubled the amount of oil in storage and is committed to filling to capacity from here out. Furthermore, we are working on a public information plan and have done a fair amount of work in preparing for public information. I believe we have kept the three items that you mentioned, sir.

PUBLIC INFORMATION

Senator MCCLURE. Do you think that public information is all going to be completed this year, fiscal 1982, and there will be no need for public information efforts in fiscal 1983?

Mr. VAUGHAN. I do not see fiscal 1983 totally having no activity in public information. There is no line item for public information as a separate activity. It is inherent in all of our planning activities in the Office of Energy Emergencies to include as an integral part public information about energy emergencies, and for more detail I will turn to Mr. Winkler.

Senator MCCLURE. Before turning to Mr. Winkler, let me refer you to page 83 of the justification. Public education outreach in 1982 is to be 3 staff-years and contract support of $1,620,000; planned activities in fiscal year 1983: zero staff-years, formal activity terminated.

Mr. VAUGHAN. Notice the emphasis on "formal," Mr. Chairman. As I said, public information activities, emergency planning from here out will be an integral part of other programs and not a separate line item as you see here.

Mr. Winkler. If I could add some further clarification, Mr. Chairman. When Mr. Vaughan and I came into the Department of Energy last fall, we discovered considerable duplication in many of the programs. This specific item originally had contemplated a series of nationwide seminars funded through some of the national labs, and it duplicated, in my judgment, and Mr. Vaughan's judgment, some of the overall public information programs.

My experience has been that sponsoring fancy workshops throughout the Nation is not necessarily the best approach, and before we got into that kind of activity I wanted to be sure that we had a specific program. We do in fact have an interagency task force working on the public information area right now. We expect an interim public information plan some time before the end of April.

The problem is that while everyone recognizes that public information is important, there is no clear consensus on approach.

The first step of the project is to examine what the problems were in the past shortage periods and try to identify specifically what people felt was the problem. Then we're trying to move to resolve those problems.

So we're definitely addressing public information. What we eliminated was a redundant program with a lot of money and formal workshops which seemed to us to be premature to resolving the basic problem.

Senator McClure. What are you talking about in terms of public information activities that will be integral to all your other activities? Could you identify a little more precisely what it is you mean?

Mr. Winkler. We first want to make sure that we understand what information is required in an emergency.

Senator McClure. Are you talking about only in an emergency? Or are you talking about in preparation for an emergency?

Mr. Winkler. Obviously you need to have some systems in place. We do have an Energy Information Administration that, on a regular basis, provides information to the public. Other parts of the Department of Energy provide information on their programs on an ongoing basis. We are trying to look at those information programs, decide which are important to emergency preparedness before, during, and after an emergency, and then work with State and local governments, to set up the mechanisms. For example, the one major complaint that people have had is that there are too many spokesmen in the Federal Government for energy. During an emergency there is a lot of conflicting information. And we're looking at who should be—where the information should be coming from.

Senator McClure. Do you really harbor the illusion that you're going to have a single voice? Do you really believe that the press is going to permit that? In an emergency you'll have a thousand voices from a thousand different places, no matter how you try.

Mr. Winkler. Well, I think that you will. One of the things that we would like to try to do, to the extent we can, is to make sure we have the best information available.

Senator McClure. I understand that. And one of the best things that could happen down at the White House is if the press were put at the outer perimeter of the fence. But it isn't and it won't be, and they'll begin to get all kinds of casual comments from dozens of unnamed officials, unidentified official sources, that say whatever it is they want them to say. And that will continue.

Mr. Winkler. Well, I think you've identified one reason why we are not rushing into a quick establishment of a public information program. A lot of these problems, as everyone recognizes, are extremely difficult. Before we propose spending money we decided to do some thinking.

Senator McClure. Well, I am interested, because if you still have voluntary response mechanisms, or pricing responses, primarily SPR storage, and then public information, which is the third leg of that stool, it sounds to me like you've cut off the third leg. Or at least you've indicated they can balance on the other two legs pretty easily without having tried to structure that third leg.

Mr. Vaughan. I think what we're saying to you, Mr. Chairman, is that we have worked on that third leg, but I think we would be less than candid with you if we took the easy way out and told you it was nice and complete and that we had a nice document to file with you. That's just not the case. I hope we will have a document by the next time I'm appearing before you.

This sort of planning is never completed, it seems to me.

EMERGENCY PREPAREDNESS PHILOSOPHY

Senator McClure. Mr. Secretary, I agree with your statement. I'm not sure I even want you to produce a fancy document that tells me in precise detail all of your public information efforts, because I think indeed you're going to do it the way you suggest throughout the program. It will be very diverse and very hard to pin down, and it would be hard to identify in a budget document. But you're going to spread the effort throughout all of the offices in a whole lot of different ways. And very much depends upon the Energy Information Agency, who haven't as yet had any charge that I know of to inform the public with respect to emergency preparedness. Now, maybe the public is expected to be wiser than the public has been in the past, but I am not sure just because we have a wiser administration that the public is going to necessarily understand all of that. I am a little concerned, as a matter of fact, that the public is being led into believing that there is no energy crisis, and they don't really have to have any preparedness.

Your first statements that indeed price is going to go down contribute to that. I think this says to the public don't worry about it, it's all over, OPEC is broken, and the cartel is finished.

Mr. Vaughan. Mr. Chairman, I don't think you have seen any of the administration spokesmen, certainly none of us involved in emergency preparedness, indicating that there is no reason to be concerned, that the crisis is over. It is true at the moment prices are dropping, and it is our expectation that the world oil market will continue to decline, for a period, and then we expect that it will plateau for several years. That seems to be what a number of analysts in the field think. We're trying to consult with a broad range of people who look at this problem. That seems to me to be the consensus, if there really is a consensus, about world oil markets. Certainly a lot of people believe that that is what will happen.

Senator McClure. A lot of people believed that we couldn't have any trouble in 1973.

Mr. Vaughan. I'm well aware of that, sir.

Senator McClure. A lot of people believed in 1978 that the conditions you are now seeing were then developing, and events suddenly shifted that. I think you recall that in early 1977 and early 1978, before the Shah of Iran fell from power and that political disruption reduced their oil production, the world was experiencing moderate surpluses of oil. We were then consuming about 55 million barrels a day, and the Iranian oil fields were producing over 7 million barrels of oil a day. We lost, out of that, 5 million barrels a day. We went from marginal surplus to marginal shortage, and the price nearly doubled overnight. It didn't move up just a little. It almost doubled, moving from $17 to over $32.

I can't quite resolve in my own mind why, when we are spending billions of dollars to prepare for war in the hopes that we can prevent it, when we have all kinds of economic crises in this country, to which we will not yield with respect to the need for building up the defense establishment—and I support that—that on the other hand we say, well, don't worry about the oil supply.

Mr. Vaughan. I guess I'm respectfully disagreeing with you, sir, that we're saying don't worry about it. We're not saying that, sir. But we are not saying that it is a crisis, either.

Senator McClure. Don't worry very much, worry a little; is that what you are saying?

Mr. Vaughan. We are steadily preparing, Mr. Chairman, for the next energy emergency.

Senator McClure. You say that as if it were going to occur in 1990. I can't quite make that track in my own mind, when we have a crash program to build up the military to defend the oil fields and the flow of oil, that we don't need that until 1990 or some time off in the distant future. I would ask the Captain, because I know how the Navy feels about their necessity to maintain the sea-lanes. I was out in the Gulf of Oman last April, a little less than a year ago, on the *USS Midway*, in Task Force Alpha. Our men were flying missions around the clock to defend the supply of oil, to make sure that the world knew that President Carter was not wrong when he said we would use anything within our means, including the use of military force if necessary, to protect that flow of oil. And that's why Task Force Alpha was there, to demonstrate that determination.

The first thing that the men aboard that ship said to me, and I met with several Idahoans who were aboard that ship, they said, "Senator, does anyone know we're here, or care?"

And it seems to me we've forgotten that so quickly. The American public has the attention span of a 3-year-old. Or perhaps I should say the press has, because the American public focuses on whatever it is the press tells them to focus on today. Right now the energy crisis is not one of them. It seems to me that the statements that seem to try to calm the American public—such as we don't need governmental programs, or we don't need emergency preparedness on any kind of a crisis basis—feeds that illusion on the part of the American public. In particular, when it is supported by the administration, it really says we can go a little slower on this than we were going before.

Mr. VAUGHAN. That is exactly what the administration believes, and I must tell you why I concur, why I agree with the judgment.

Senator MCCLURE. You say we can go slower, that the emergency is not as urgent?

RESPONSE TO ENERGY CRISIS

Mr. VAUGHAN. That we do not have a crisis. And I think one of our problems in 1973, and certainly in 1979, was a crisis mentality that was built up by several administrations. It caused our people to enter into a form of panic rather than what seems to me the message this administration is trying to get across, that we understand energy problems, we are steadily preparing for them, and that there will be a calm, deliberate approach as opposed to a crisis mentality.

Senator MCCLURE. You know, Mr. Secretary, that really does disturb me profoundly. I don't want us to panic and push the panic button, but I've been at this business a long while now, and I remember when we had a hearing in the House of Representatives, where I then served, that was designed to tell the American public that there was a problem coming. That was before 1973, and the then Secretary of Interior, Rogers C. B. Morton was the leadoff witness. Mr. Morton said we don't have a crisis. A problem maybe, but certainly not a crisis. He lived long enough to see the crisis.

What you are suggesting is that if everything goes along the way we have it planned there's no real problem. But we don't control all the plans in the world. There are other people who have plans for us, and there are other events that are unplanned. That's what emergency preparedness is all about, to make plans for the things we didn't plan for.

I think you are honestly stating what the administration's position is. I see it popping through the surface in a dozen different places. And if I have a profound difference with this administration, it's on that very point. I've lived through it, and you can talk all you want to about don't hit the panic button. I'll guarantee you there won't be enough panic buttons around to hit if there is another interruption of the kind we had in 1973. There won't be enough phones for you to answer and enough people to answer the phones if we have another disruption of the nature we had in 1979. That's short of war. I just can't get it through my head why people continually tell me that you can't predict political stability in all of these countries around the world, but we can predict energy certainty.

Mr. VAUGHAN. Again, Mr. Chairman, I respectfully disagree as to what judgments should be drawn from the experience, because I lived through it also.

Senator MCCLURE. You weren't answering my phone. I'll invite you up to answer my phone during the next one.

Mr. VAUGHAN. Yes, sir. And I suspect that if I am still in this job, that will also be my duty, to answer those phones. I don't expect it would be fun or easy. But it seems to me that the building of the crisis mentality was a mistake of the past, and I think this administration does reject that, and I think it is right in that judgment.

Senator MCCLURE. But isn't this administration at the same time building a crisis mentality with respect to our military preparedness?

Mr. VAUGHAN. No; I do not think it is trying to build a crisis mentality. I think it is trying to say that our military preparedness was allowed to atrophy over a period of years, and that we need to come back to a higher state of readiness militarily. That's the way I read it.

Senator MCCLURE. That all the trends in energy and all the trends in military were bad?

Mr. VAUGHAN. Certainly not all, but the preponderance.

Senator MCCLURE. Preponderance?

Mr. VAUGHAN. I think most of the trends that we currently see in energy are more stabilizing than destabilizing, and I think in the military sphere they are the opposite.

Senator MCCLURE. Would you suggest that, aside from the issue of price and allocation control, we were in the past doing too much in emergency preparedness?

Mr. VAUGHAN. It's very difficult, Mr. Chairman, to say what we were doing aside from that, because it seems to me that's essentially all we were doing.

Senator MCCLURE. But that isn't all we were doing.

Mr. VAUGHAN. We were doing no oil storage to speak of. We had in neither of those crises any stock of oil. We had not perfected in the first crisis the IEA and the things of that nature. We had imposed on our public price and allocation controls, and, of course, that maintained that crisis atmosphere.

Senator MCCLURE. Well, I'm sure we'll return to this, because it will be a continuing discussion. I have the greatest respect for you individually, and there isn't anyone in the world that I think is more prepared to be President of the United States than the man who is down at the other end of Pennsylvania Avenue. I don't want to detract at all from that. But it just strikes me wrong to prepare to send young men halfway around the world to die to protect the supply of oil and do nothing to reduce the demand for that supply of oil, or at least to approach it with a benign and patient, long-term view of it.

EFFECT OF PRICE ON DEMAND

Mr. VAUGHAN. Mr. Chairman, I think this administration is prepared to do the most effective thing to reduce demand, which is to let prices rise. In my judgment that will restrain public demand more evenly and appropriately to the level of shortage than any other single mechanism.

Senator McClure. I don't disagree with that. But if prices rise, then your projections on the cost of purchasing SPR are wrong.

Mr. Vaughan. That is correct, sir.

Senator McClure. Well, which way do you want it? Are you going to tell me prices are going to rise, or are you going to tell me they are going down?

Mr. Vaughan. We're going to have to deal like anyone does with the market, and right now the market is dropping.

Senator McClure. And you predict it will continue to drop?

Mr. Vaughan. I think it will continue to drop and then stabilize.

Senator McClure. And that means the price mechanisms are not really going to be those which do drive emergency preparedness.

Mr. Vaughan. Mr. Chairman, we still have gasoline above $1 a gallon.

Senator McClure. But it's down from $1.25, and the people are buying bigger cars again, and they're driving like maniacs on the highway again. You've got to have a course in combative driving in order to survive around here.

Mr. Vaughan. There I think we are talking about a different subject.

Senator McClure. No; it's not a different subject, because in 1973, if you will recall, people did have some reasons to drive more slowly and prudently, and they did. And again in 1979, in order to avoid those gasoline lines, they also drove more prudently. I think the two things are related. In terms of public attitudes, right now there is no attitude on the part of the public that they need to conserve energy because of the price.

Mr. Vaughan. Mr. Chairman, I would respectfully disagree. I think we do have new homes being built with much more insulation, new more efficient automobiles being built, and future programs definitely call for even more efficient vehicles. I see no indication that we intend to turn to the earlier days of the 1970's when we had energy inefficiency, driven by low prices. If there were any policy in that Government, it was a policy of holding down prices to the public.

Senator McClure. I agree with that, and I agree that that was a mistake.

Mr. Vaughan. I think that has been remedied; I think we are now in a market response.

Senator McClure. I think we are getting much more market oriented and much more market response. Of course, one of the reasons we were in the energy crisis that we were in before and remained in was because of the control of natural gas prices.

Mr. Vaughan. Absolutely.

Senator McClure. And that started in 1954. We haven't yet totally removed that. We have some work yet to do to even get that tool as well in place as it should be.

NAVAL PETROLEUM RESERVES

Senator McClure. Your request for operations and maintenance for NPR–1 and NPR–2 is slightly over $102 million, a 9.2-percent increase over 1982 and a 33-percent increase over 1981. In light of the fact that production at NPR is expected to decrease between 1982 and 1983 from 172,000 to 157,000 barrels per day, how can you justify this increased O. & M. request?

Mr. Vaughan. Although production at NPR–1 is estimated to decline from 1982 to 1983, the development of the field and the attendant operation and maintenance activities required will continue and increase with further development due to the larger number of wells in operation, and the transition from low maintenance flowing wells to a greater number of pumping wells. Continued development and drilling of production and injection wells accomplishes two goals; it slows the rate of decline of production, and provides for proper maintenance of the field, thereby increasing ultimate recovery. As new wells are drilled, they must be connected to gathering, distribution, and injection systems. The increase requested for fiscal year 1983 provides for the additional facilities, equipment and supplies, operation of the 31S and northwest R waterflood programs, increased electrical consumption due to new facilities, an increase in remedial work from 213 to 282, additional systems to enhance the financial management information system, and inflationary increases associated with oil field operations.

ENHANCED OIL RECOVERY

Senator McClure. Under the enhanced oil recovery program, $1.5 million is requested for NPR–3 in Wyoming. This reflects the scheduled completion of the pilot project. How much EOR production is expected at NPR–3 during fiscal year 1983?

Mr. Vaughan. The two enhanced oil recovery pilots at NPR–3 in Wyoming are designed to determine the technical viability of applying either of two promising tertiary recovery techniques in the Shannon Reservoir of the Teapot Dome field. The purpose of these pilots is to determine if crude oil can actually be mobilized resulting in a significant amount of incremental production. The total amount of increased production during fiscal year 1983 from the 11 producing wells involved in these pilots is estimated at 5,000 barrels. Better information will be available late in 1983 when sweep efficiencies have been determined.

Senator McClure. What information has the pilot project provided that will be used for startup of a full-scale design and development EOR program in fiscal year 1984?

Mr. Vaughan. Both of the pilots are in an initial startup phase and little technical data has been collected, except for valuable experience in connection with the heaters used to ignite the in-situ pilot. The pilots are designed to provide insight into problems which might be encountered during expanded operations, such as improper equipment design and unknown reservoir discontinuities, and provide preliminary economic information which can be used to determine the feasibility of expanded applications.

Senator McClure. Can this full-scale program be accelerated to begin in fiscal year 1983 rather than fiscal year 1984? If not, why not?

Mr. Vaughan. The technical pilots cannot be sped up. The in-situ pilot has been ignited and we are starting the burn and pressure buildup. Construction has been completed on the polymer flood and it is being placed in operation. It will take the full time between now and late fiscal year 1983 in order to evaluate the slow process of fluid flow from the injector wells to the producers. The fairly extensive instrumentation in the pilots will enable a thorough analysis of the technical and economic feasibility of broader application upon project completion.

Senator McClure. Detail for the committee what enhanced oil recovery activity has been done to date at NPR-1 under the California development program.

Mr. Vaughan. To date, the only enhanced oil recovery operations at NPR-1 have been pressure maintenance by gas injection and waterflooding, both conventional secondary recovery activities. Tertiary enhanced oil recovery activities are scheduled to begin in fiscal year 1983.

Senator McClure. For fiscal year 1983, you have only requested $794,000 for EOR activities at NPR-1. Why are you only requesting this much?

Mr. Vaughan. The $794,000 is initial funding to start EOR pilot programs for the shallow oil zone at NPR-1. Funding of the pilots will increase in subsequent years and hopefully lead to a reservoirwide EOR operation in the shallow oil zone.

Senator McClure. You have made plans to do extensive EOR work at NPR-1 in fiscal years 1985 through 1987. How much do you expect to spend on these activities during those 3 fiscal years?

Mr. Vaughan. We expect to spend $27 million for EOR activities during these 3 fiscal years. This is in addition to the $1.5 million we are planning to request in fiscal year 1984.

Senator McClure. Can any of these activities be accelerated to get started sooner than fiscal year 1985?

Mr. Vaughan. It is not likely that any of the projects can be advanced substantially, as each must be observed carefully and at length before proceeding with any expansion of this program.

NITROGEN OXYGEN EMISSION CONTROL

Senator McClure. Also regarding NPR-1, you have requested $2 million for mitigating nitrogen oxygen emission problems, yet you also indicate that the local governmental entities have not decided what obligations NPR-1 may have in this regard. If such a decision has not been made, why do you need these funds?

Mr. Vaughan. At the time the fiscal year 1983 NPOSR budget was prepared, the issue of nitrogen oxygen emission control from the large field compressor engines at Elk Hills was an open question. EPA had not yet acted on our proposal, which contained a number of nitrogen oxygen emission control options, therefore, we included funding for the control method we thought they most likely would choose based on their actions regarding other oil fields in southern California; that is, installation of catalytic converters on all 1,000 horsepower field compressor engines.

Senator McClure. When is the decision expected to be made?

Mr. Vaughan. On February 25, 1982, which was after our budget was submitted, EPA issued its formal permit conditions for our Elk Hills operations which do not require the use of catalytic converters. We were successful in proposing a more economical solution involving fuel/air regulation and finetuning the units.

Senator McClure. On what basis was the $2 million figure determined to be the right amount?

Mr. Vaughan. The catalytic converters cost approximately $50 per engine horsepower, plus the labor costs of installation, testing, and maintenance. With over 18,000 installed horsepower to be controlled by this method, the component costs alone were about $1 million. The additional costs of installation, testing, and maintenance increase the total cost for controlling nitrogen oxygen emissions by this method to the $2 million figure included in the fiscal year 1983 budget.

Now that we have EPA's formal ruling, we will be using much less expensive electronic fuel/air regulators ($10,000 per engine horsepower, versus $50,000 for the converters) on some engines, and "tuning" other engines, without adding new hardware, to meet the permitted nitrogen oxygen control program. This revised program, which includes a significant amount of testing and monitoring of engine performance, is estimated to cost $500,000 in fiscal year 1983.

OPERATOR'S AWARD FEE

Senator McClure. Please explain for the committee how the operator's performance is evaluated to determine what the award fee—if any—should be each year?

Mr. Vaughan. The operators's performance is evaluated by the Government with respect to the scope of work, that is, what the operator has contracted to accomplish in the fiscal year. Government performance monitors evaluate the performance of the operator in various areas such as production, drilling, environment and safety, and financial. They assess the operator's performance in meeting production goals and drilling schedules, in complying with environmental and safety requirements, in the proper use of financial controls, and by other standards of measurement. The performance monitor submits a report to a designated supervisor, or functional monitor, who in turn, submits a report to an evaluation board. The evaluation board then prepares its own report along with a recommendation as to the amount of award fee to be paid. This is reviewed by the Director, NPOSR, who makes the final determination as to the award fee amount.

Senator McClure. What award fees have been paid during fiscal year 1982 and what are expected?

Mr. Vaughan. NPR-1 has paid $270,062 in award fees for the first quarter of the fiscal year ending December 31, 1981. NPR-3 has paid $132,000 in award fees covering the same period. The maximum award fee pools for this fiscal year are $1,550,000 at NPR-1, and $733,340 at NPR-3. The balance of the award fees will be paid to the operator's based on their performance during the remaining three quarters of this fiscal year. The operator's performance at NPR-1 has improved significantly since a new general manager was hired, and this trend is expected to continue. The new contractor at NPR-3 has made an excellent start and we expect a high performance level.

Senator McClure. How can you project award fees at NPR-1 for fiscal year 1983 as you have on page 129 of the justification?

Mr. Vaughan. The total operator's fee on page 129, which includes both a base fee and an award fee, is determined as a percentage of the total estimated cost of the work to be performed based upon a fee curve established by the DOE Procurement Office. Once the total operator's fee is determined, the award fee portion of this amount is negotiated with the contractor based on established guidelines. It generally equates to two-thirds of the total fee amount. The amount of award fee paid can vary from zero to 100 percent, but should average between 70 and 90 percent over time.

PRODUCTION OPERATIONS AT NPR-1

Senator McClure. At NPR-1, you have projected a 23-percent increase for production operators—from $29.4 million in fiscal year 1982 to $38 million in fiscal year 1983. Why do you need such a large increase?

Mr. Vaughan. Production operations provide for the operation, repair, and maintenance of facilities necessary for the collection, storage, and distribution of oil and gas recovered from the zones; in addition to mobile equipment, road maintenance, water injection systems, electricity, and facilities for the distribution of products produced at the gas plants. As development of the field continues, additional facilities and equipment are required to incorporate new wells into the gathering and distribution systems of the reserve. With continued production, low maintenance flowing wells must be converted to pumping wells with attendant higher maintenance cost. In addition, maintenance and repair requirements, including labor, increase with the addition of more wells and further development. The fiscal year 1983 requested amount provides for required increases in maintenance, equipment and supplies, labor, electrical consumption, and operation of the 31S and northwest R waterfloods.

Senator McClure. What do you expect to do during fiscal year 1983 that you are not doing during fiscal year 1982?

Mr. Vaughan. The fiscal year 1983 budget request provides for the same types of activities as in fiscal year 1982, taking into account the additional wells in production and the associated costs to operate and maintain them. The fiscal year 1983 request does provide for the installation of new equipment such as Stevens pumping units on wells which previously flowed, operation of the 31S and 7R waterflood programs, and initial enhanced oil recovery work.

NPR-3

Senator McClure. As mentioned earlier, you have requested an increase in the operator's fee—including the award—at NPR-1. However, you have requested a decrease in the operator's fee for NPR-3. What is your reasoning which allows an increase for one but a decrease for the other?

Mr. Vaughan. The operator's fee is determined strictly as a function of the total estimated cost of the contract. Once the total estimated cost of the contract is determined, the maximum operator's fee is computed as a percentage of the total estimated cost based upon a fee curve established by the DOE Procurement Office. Since the budget authority requested for NPR-3 for fiscal year 1983 is a decrease from fiscal year 1982, the operator's fee necessarily decreases also, while the increase in the estimated operator's fee at NPR-1 is due to the requested increase in budget authority for fiscal year 1983.

Senator McClure. Also at NPR-3, you have requested $500,000 to begin drilling of one tensleep step-out well. For the committee, please explain why you intend to drill such a well, and what the advantages this well may have over others projected to be drilled at NPR-3.

Mr. Vaughan. This is a continuation of the step-out drilling program for this reservoir. Tensleep wells are among the most productive producers in the field, with initial production of 100 to 200 barrels of oil per day per well, and average production of about 65 to 70 barrels of oil per day. Two tensleep wells were drilled in fiscal year 1981, and two are scheduled for drilling in the last half of the present fiscal year. The fiscal year 1983 well is expected to pay out in less than 6 months, based on a rate of 100 barrels per day and a nominal sales price of $30 per barrel. The five tensleep wells presently in production account for approximately 10 percent of the daily production from the total field.

ELECTRICAL COSTS

Senator McClure. Last year you requested some $17.6 million for electrical costs at NPR-1, although the Congress provided only $11.6 million because it was determined the additional $6 million would not be necessary during fiscal year 1982. The 1982 level was, nevertheless, still a 20-percent increase over the fiscal year 1981 level. This year you did not identify any specific electrical cost under the production operations account. What is your projected electrical costs for fiscal year 1983?

Mr. Vaughan. Previous estimates for electrical consumption included not only electrical usage, but all costs associated with it, such as labor, equipment, repairs, and electrification of facilities. With the institution of the new accounting system, these indirect costs have been reallocated to their proper cost centers, thereby allowing for separate identification of electrical consumption. The fiscal year 1982 budget provides $3.5 million for electrical consumption. The fiscal year 1983 requested amount for electrical consumption is $3.9 million.

Senator McClure. Does this include any additional costs that were specifically not provided in fiscal year 1982? If so, what are they?

Mr. VAUGHAN. The fiscal year 1983 request for electrical consumption provides for increased electrical usage for additional Stevens pumping units, the northwest R waterflood, the salt water disposal system, and gas plant facilities.

RECONDITIONING OF ROADS

Senator McCLURE. How much do you expect to spend in fiscal year 1983 for reconditioning roads at NPR–1?

Mr. VAUGHAN. The fiscal year 1983 budget request provides $2,350,000 for the reconditioning of roads at NPR–1. This is in addition to general maintenance and upkeep of the 700 mile NPR–1 road system. Traditionally, NPR–1 has experienced production declines during the rainy season of December, January, and February. These funds will be utilized to increase accessibility to the more remote field sites in order to keep production at a level pace throughout the year.

Senator McCLURE. How many miles of primary and secondary roads does this represent?

Mr. VAUGHAN. This request provides for the reconditioning and all-weather surfacing of 33 miles of secondary roads at approximately $64,194 per mile and the reconditioning of 20 miles of tertiary roads at approximately $11,580 per mile.

FUNDS APPROPRIATED TO THE PRESIDENT

Senator McCLURE. Does NPR expect in fiscal year 1982 to finally use all the so-called Presidental funds appropriated to the President in fiscal year 1977?

Mr. VAUGHAN. NPR fully expects to complete expenditure of all funds appropriated to the President in fiscal year 1982. Last year at this time, $110 million had not been expended. Currently only $250,000 remains to be spent, and these funds are on contracts in the process of being closed out. As the contracts are closed out, the funds will be transferred to the operator contracts and expended this fiscal year.

EXCHANGE OF NPR OIL FOR SPR

Senator McCLURE. In the fall of 1980, agreements were made with six private firms to exchange 36.5 million barrels of NPR oil for a like amount of oil that these companies would deliver to the strategic petroleum reserve. Without discussing all the details, DOE's Inspector General issued a recent report indicating DOE could have saved $117 million if this transaction had been conducted differently. What was NPR's general response to this IG report?

Mr. VAUGHAN. I believe that the IG report took a very narrow view of the circumstances surrounding that exchange. The exchange was not developed in a business-as-usual environment. You will recall that fill of the strategic petroleum reserve had been discontinued for over a year and there were serious questions about international reaction to our resuming fill. In that environment, President Carter made the judgment that use of NPR oil to fill the SPR was the best option. It seems to me that the IG report chose to look only at the financial implications and to disregard the policy factors involved.

Senator McCLURE. Does NPR plan to undertake similar transactions in the future with SPR?

Mr. VAUGHAN. We have no plans for another exchange program, but we did enter into an agreement under which NPR oil was purchased during February and March for direct shipment to the SPR via pipeline.

CONSULTING AND CONTRACTING SERVICES

Senator McCLURE. Finally, just as with the strategic reserve, please provide for the record a detailed list of all expenses relating to consulting and contracting services, including the names of the organization providing the service, cost of contracts, and exactly what each contract requires.

Mr. VAUGHAN. Mr. Chairman, I will provide that for the record.

[The information follows:]

LIST OF ALL EXPENSES RELATING TO CONSULTING AND CONTRACTING SERVICES

NAVAL PETROLEUM RESERVES IN CALIFORNIA

Williams Brothers Engineering Co. (WBEC).—WBEC serves under a 5-year cost-plus-award-fee contract as operator for the naval petroleum reserves in California. The contractor manages, develops, operates, and maintains the field under the general direction and guidance of the local DOE staff and the Elk Hills unit operating committee.

Kern County.—Grant for security services at naval petroleum reserves in California. Security during nonwork hours is provided by uniformed and armed deputies of the Kern County sheriffs department.

	Fiscal year 1983 funds (Estimated)
Williams Brothers Engineering Co.:	
Operation and maintenance	$102,267,000
Development drilling	89,813,000
Exploratory drilling	10,000,000
Facilities	5,337,000
Total WBEC	207,417,000
Kern County	495,000
Total anticipated obligations	207,912,000

NAVAL PETROLEUM RESERVE NO. 3

Lawrence-Allison and-Associates West, Inc. (L-AW).—Serves under a 5-year cost-plus-award-fee contract as operator for naval petroleum reseve No. 3 (Teapot), located in Wyoming. The contractor manages, develops, operates, and maintains the field under the general direction and guidance of the local DOE staff.

Pacific Power and Light Co.—Pacific Power and Light Co. provides electrical power service to naval petroleum reserve No. 3.

General Services Administration.—Interagency agreement providing motor pool services at naval petroleum reserve No. 3.

	Fiscal year 1983 funds (Estimated)
Operator contractor:	
Lawrence-Allison and Associates West, Inc	$19,130,000
Pacific Power and Light Co	560,000
General Services Administration	165,000
Total anticipated obligations	19,855,000

NAVAL OIL SHALE RESERVES

Department of Interior.—Under an interagency agreement, the Bureau of Land Management performs land management and surface hydrology work on the naval oil shale reserves.

	Fiscal year 1983 funds (Estimated)
Department of Interior (Bureau of Land Management)	$90,000
Total anticipated obligations	90,000

BRIEF RECESS

Senator McClure. Mr. Secretary, I apologize, because I'm going to have to ask that we recess the hearing until someone else comes to continue the hearing. I have another hearing that started at 9 o'clock.

Mr. Vaughan. I fully understand, sir.

Senator McClure. Thank you. The committee will be in recess.

[A brief recess was taken.]

SELF-HELP PROGRAMS

Senator Schmitt [presiding]. The hearing will come back to order.

On page 75, gentlemen, of the justification you indicate that you will reduce the vulnerability of the Nation to energy supply disruptions with primary reliance on market mechanisms coupled with other self-help programs. Can you give some examples of self-help programs?

Mr. Vaughan. An example of a self-help program would be an oil storage program. We think we have sent the right signals to the marketplace. We encourage self-help, oil storage by any consumer of any size. The main message that we have sent is that the Government will not deny any citizen, private or corporate, the fruits of his labors if he stores oil. In my judgment that is the most effective policy we could have to promote self-help.

In addition, Senator, we are obviously encouraging local and State governments and citizens at large to prepare for themselves. Again, I think the message to the consumer from this administration, namely, that citizens must prepare for themselves, has been rather clear. I think that is the most effective thing we could do.

Mr. Winkler. If I could add just a couple of additional points. For example, we have met with people in the various communities concerned about disruptions of oil supplies—some of the oil jobbers and independent refiners. We have suggested to them that rather than relying upon the Federal Government to in effect act as an insurer so that in an emergency we would somehow come in and direct supplies to them, they should be looking at the current price of oil and make appropriate long-term contracts at prices appropriate to their situation to protect themselves.

In the case of electric utilities, for example, which are heavily dependent upon oil, we have worked with them particularly in the southeast, to encourage alternate capabilities, particularly in nuclear power areas, as well as to suggest to them that they also need to expand their storage facilities. We have encouraged State commissions to provide rate making mechanisms to allow them to do that, and have suggested to them that they meet with the refining community to make the arrangements they need.

Essentially the message is that they are in a lot better position to make those arrangements than we are. We certainly will provide what information we have to them, but that's no substitute for them participating in the marketplace like anybody else.

Mr. VAUGHAN. Senator, as a matter of clarity, this is Mr. Winkler, Deputy Assistant Secretary for Energy Emergencies; Captain Gilmore, who is the Commanding Officer of the naval petroleum reserve; Mr. Furiga, the Deputy for the strategic petroleum reserve. I introduced them earlier.

URANIUM IMPORTS

Senator SCHMITT. Yes; thank you, Mr. Secretary.

Mr. Secretary, Mr. Winkler brought up the subject of nuclear power, encouraging nuclear power as a self-help mechanism. Do you coordinate with others in the Department of Energy that determine what our national dependence on uranium imports may become?

Mr. VAUGHAN. I certainly coordinate with others in the Department on that subject. The prime responsibility is that of the Assistant Secretary for Nuclear Energy. But I certainly am interested in that.

Senator SCHMITT. If your self-help program depends on the increased use of nuclear power while at the same time DOE policy tends to encourage imports, aren't we getting ourselves into the same bind as the crude oil import situation? That doesn't sound like self-help to me, unless it's self-help into some future disaster.

Mr. VAUGHAN. We have raised that kind of caution so a balance can be struck.

Senator SCHMITT. Well, you may have raised the caution, but there isn't a balance being struck. We're headed toward an unknown level of uranium imports at this time from Australian and South African low-cost deposits, while our own uranium industry has not only gone downhill, it has become practically nonexistent.

Mr. VAUGHAN. The only accurate way to respond to that is to say that we have pointed those considerations out, to try to have them considered in the balance.

Senator SCHMITT. Obviously you've been unsuccessful, is that correct?

Mr. VAUGHAN. It's your judgment, sir, that we've been totally unsuccessful, I do not think we have been totally unsuccessful.

Also, in dealing with electric utilities, we have encouraged the use of coal, and encouraged the interconnection of companies so that there is a great deal more flexibility when shortages occur with respect to electric power. Thus one company can help another.

By the way, I would add that the electric power industry in general in this country has done a magnificent job in that respect and has required very little prodding on our part, or for that matter, little assistance on our part to get that kind of thing done. Where we can help, we have done so.

Senator SCHMITT. Back on the side of uranium, it would seem to be a little bit inconsistent, to say the least, if you include encouragement of nuclear power as part of your self-help program, while at the same time other agencies of the Government are directly or indirectly encouraging an increased dependence on foreign imports. As a consequence of that we're moving in the wrong direction. I don't see how you can include encouraging nuclear power as a part of self-help. From all the indications that I see are we're building in the same kind of problem with respect to nuclear power that we already have with respect to crude oil.

By the way, we would like for the record as complete a listing of your self-help programs as we can. It may look good on paper in your performance reports, but in the overall national picture it doesn't look very good at all.

[The information follows:]

LISTING OF SELF-HELP PROGRAMS

The Department's self-help programs include the following: Encouraging private stockpiles; developing public information to encourage preparedness generally; self-help natural gas programs (FERC); and cogeneration programs which permit increased energy efficiency (FERC/DOE).

In addition, generally we seek to remove or reduce regulatory restrictions which impair flexibility in fuel choice.

DEPENDENCE ON FUEL SOURCES

Mr. VAUGHAN. I get your point about the import situation, Senator. We will revisit that problem with the sense of urgency you seem to indicate about it.

Senator SCHMITT. What we have, as I understand it, is a 2-year inventory of yellowcake at this time. I don't think you can depend on that if the President's other initiatives toward encouragement of nuclear power bear fruit. So I would just hope that you would, in the long term, start to become consistent in the balance between these two energy sources. In the case of uranium we can be totally independent of foreign sources, if we so desire. I believe that in the long run we could also be totally independent on crude oil and other fossil fuel sources. We have not moved as rapidly in that direction as I would have liked, but we have moved there to some degree.

REMOVAL OF DISINCENTIVES

What disincentives need to be relaxed to promote this self-help measure. Are there tax disincentives here?

Mr. VAUGHAN. The major disincentive, Senator, is the fear that the Government will take the results of one's storage either directly or, as more commonly the case, indirectly, if it has a price and allocation control system. Very clearly, with the events of the last several weeks, this administration has sent a strong message that there will be no such program, and so that major disincentive to stockpiling of oil, coal, propane, and other fuels has been removed, and I believe that we will see citizens again, private and corporate, or individual and corporate, beginning to increase their holdings.

COORDINATION OF EFFORT

Senator SCHMITT. Have you been coordinating with those who are interested in mitigating the effects of strategic mineral embargoes, sharing experiences?

Mr. VAUGHAN. Yes; we have had several meetings with the Commerce Department over those subjects. They were brought up primarily, Senator, by the discussions we entered into with the Commerce Department about reorganization. But we have had a number of discussions.

I appeared the day before yesterday on a panel at Purdue University where we discussed emergency preparedness in the transportation business. With me on the panel was a deputy assistant from the Department of Commerce, and there was a general from the Air Force discussing military transportation contingency plans.

So, yes, this sort of thing is coordinated.

We are also one of the most active departments in the Federal Government in the Emergency Mobilization Preparedness Board, which is a new, broad-based emergency preparedness interdepartmental exchange or agency set up under the National Security Council and chaired by Judge Clark. We are very active in all of the subcommittees of that Board.

Senator SCHMITT. Well, in view of all of this concern about emergency preparedness within the DOE, do you think it was appropriate for the Department to terminate the uranium resource evaluation program that was underway, principally in the Western United States? This had a broader implication than just uranium, which obviously is a strategic mineral resource.

Mr. VAUGHAN. In all candor, I am not sufficiently aware of the details of that program to be able to respond intelligently.

Senator SCHMITT. Well, I suspected that, and it's no discredit on you; it's a discredit on the Department that there isn't coordination between these various emergency preparedness programs as they relate to natural resources. Just so you're warned, that was my previous profession, to try to understand strategic mineral resources and how they occur geologically and what it takes to get ahold of them. Ever since I have been in the Congress I have been appalled at the lack of coordination in this broad area, not only in energy resources, but also in resources for which we are far more vulnerable than even crude oil.

EMERGENCY EXECUTIVE RESERVES

During 1982 you expect to consolidate and integrate a number of programs to form a more centralized emergency preparedness program. Included in this effort is the development of an emergency executive reserve program. Can you explain to the committee just exactly what this program is, what it will do and how much it will cost?

Mr. VAUGHAN. I will initially give you a broad overview, Senator, and if you desire more detail, call on Mr. Winkler.

There are specifically three executive reserve programs that we intend to revitalize, and I say revitalize, because they existed on the Federal roster as somewhat moribund, atrophied bodies for the last decade or so. Basically these are the Emergency Electric Reserve Board, the Oil and Gas Reserve Board, and the Solid Fuel Executive Reserve Board.

The purpose and concept of these executive reserves is to make available to the Government the expertise of private citizens that know something about the specific charge of the reserve—in our case, electric power, oil and gas, and solid fuels. We have identified executives in the private sector, of whom there are thousands, who for all intents and purposes volunteer their services to the Government as advisers concerning what we might or should do in a variety of situations.

The other departments of the Federal Government have similar reserves: the Department of Commerce has several; the Department of Transportation has several.

As I say, the purpose of the reserves is to bring that private expertise to bear. The cost of those programs is quite minimal, essentially involving some meetings for training, annual or biannual. That is the essential element of cost involved with those programs.

Can you add anything to that?

Mr. WINKLER. I don't know—do you need any more information?

Senator SCHMITT. What I'm curious about is whether they meet on a regular basis in anticipation of emergencies?

Mr. WINKLER. The idea of the reserve program is as a substitute for the need to have in place Federal employees. Several years ago, before this administration took over, we had an FEA, ERA, involving several thousand people managing the price and allocation control system. This administration believes that we can rely upon, on a standby basis, the expertise of the private sector.

What we plan to do—and this is part of an overall program involving the private sector—is have all of the segments of the economy involved in energy preparedness to set up mechanisms so that both before, during, and after an emergency we have the experts available. The severity of the crisis would affect the state of readiness of these people and determine whether they would actually be called up here in Washington or just consulted with or made available, in particular to the State and local governments.

For example, the idea that we can get some of the legal problems resolved—maybe we'll need to come back to the Congress for some help on some of the antitrust and conflict of interest problems in working these things out. The Department of Energy Organization Act sort of tied us up in knots as far as using anybody that knows anything about energy.

Senator SCHMITT. Tell me about it.

Mr. WINKLER. For example, if a utility in Florida had a problem with resid in a crisis, rather than having somebody sitting in an office in the Forrestal Building trying hit and miss to somehow direct supplies from a refiner, we would turn that problem over to the oil and gas reserves in that area to meet with the electric reserve people in the southeast region, and they could cooperatively work out problems. These are hands-on experts, who are available to work with the problem to get it solved.

Senator SCHMITT. Well, would you try to do that before the fact?

Mr. WINKLER. We would use that at whatever stage would be appropriate. One thing we look to use them for is, when it appears to us a crisis is impending, we would like to get on the phone with them, and say "We're concerned. What's your reading of it? You're our person on the spot. You've been involved."

We want to get these people involved on an ongoing basis in our preparedness planning, in our training activities, so that they can then tell us if there is a serious problem.

One danger that Secretary Vaughan mentioned earlier is the tremendous problem of Government overreaction. You can create a problem when there isn't one by having the Government move and create panic and everybody gets upset. As you know, the very small shortage resulting from the Iranian situation in the spring of 1979 became a major catastrophy largely because of Government overreaction. We would like to have a mechanism to tell us in advance, before we start, whether in fact there is problem.

We definitely would want to use these people in advance.

Senator SCHMITT. If these people—and this is purely a hypothetical question—were members of the National Guard, you would have no problem mobilizing them, is that correct?

Mr. VAUGHAN. I don't know the answer to the question. Superficially, probably not.

Senator SCHMITT. Well, for example, you can call up the Naval Reserve. If you had an executive reserve that was an adjunct to the Naval Reserve you would have no problem mobilizing when and where you needed them. Is that correct?

Mr. VAUGHAN. I don't think so. The system of actually formally mobilizing executive reservists is very similar to the system calling up the National Guard.

Senator SCHMITT. Then why don't we model it after what is already in place? Obviously it works, although I think we could certainly revitalize the Naval Reserve a little bit, and I'm sure the captain would agree.

Mr. VAUGHAN. That's what we are trying to do, Senator.

Senator SCHMITT. Why do you have to try? Why can't you just come to the Congress with a proposal that as an adjunct to the statutes that authorize the National Guard and Naval Reserve and so forth that we have an emergency executive reserve program. There are several others that I think might be appropriate also, such as a language reserve system.

Mr. VAUGHAN. It is legislation or a request that we are taking a serious look at and preparing. We have in the Department of Energy, I think, probably the most stringent requirement—to the point, in my judgment, of being utterly ridiculous—on conflicts of interest in particular, and with respect to antitrust. The Government in the past was almost forced to deal—was almost legislated to be institutionally ignorant. We're trying to correct that problem.

Senator SCHMITT. I'm well aware of that, and it was one of the many reasons I opposed that legislation originally, and still do. But what I am saying is that you have a mechanism in place right now, the Guard and Reserve, which the President could utilize independent of that statute. With minor modifications, which probably could be done with administrative actions rather than legislative actions, you could put your reserve into being and utilize it as appropriate. You might look at that for our record.

[The information follows:]

MOBILIZATION OF EXECUTIVE RESERVES

Congress can at any time amend the Defense Production Act (DPA)—the statutory authority for the National Defense Executive Reserve. It is unclear, however, whether the executive branch, without congressional authorization, could initiate administrative action to restructure the civilian Executive Reserves as a military reserve program.

In principle, the Executive Reserves and the Military Reserves are similar. Both are composed of stand-by civilians who serve the Federal Government during national emergencies. However, the DPA requires the Executive Reserves to be composed of hands-on experienced civilian industry employees who will run their affected industries when they are disrupted by war, mobilization, or any other declared national defense emergency. The DPA presupposes knowledgeable industry employees; removing these individuals from the industry might decrease their effectiveness.

TRIPWIRE CAPABILITY

Senator SCHMITT. Also during 1982 you expect to develop a minimal 24-hour tripwire capability to warn of a potential energy emergency situation. How do you justify 24 hours as a tripwire, and how far along has this activity developed?

Mr. VAUGHAN. I'm going to ask Mr. Winkler to respond to that question, since it's one of his favorite projects.

Mr. WINKLER. In my judgment, based on the 6 months that I've been in this position, the biggest problem I encountered when I started at the Department was the lack of immediate, useful, on-line capability for providing the information useful to somebody in energy emergency preparedness.

We do have a good Energy Information Administration which has a statistical mission, which is not the same as an emergency preparedness mission. Very quickly I realized this deficiency. We have created an online system which is accessible by me and one of my staff members at home with remote terminals, as well as accessible throughout the Department of Energy. It is updated constantly. This system combines information from the Energy Information Administration, as well as a wide range of information on a wide range of subjects from many areas. It includes information on different fuels, transportation, weather. We put out a hard copy on a daily basis.

But principally the benefit of this is twofold. One is that we have this scan of information which permits us to, for the first time, anticipate problems in advance.

If we notice, for example, that anthracite coal exports are dropping, we now have a mechanism where I can put requests into the system so people can start working to look into that. If I notice that refinery utilization is down, I can ask questions about that so that we can begin to do risk analyses. If I notice that gasoline stocks are lower when the spring is coming up, and they should be higher, for example, we can target that and begin looking.

This is significantly different from the capabilities, in my judgment, of other parts of the Department, which are more statistical. Other products do not come out on a current basis and do not give you that current, total, ongoing look so that you get the advanced preparedness.

In addition, however, our system gives us the ability with a wide range of different information. If we pick up something on the intelligence, if a world event occurs that we're concerned about, it doesn't take me——

Senator SCHMITT. Do you have a 24-hour capability right now?

Mr. WINKLER. Do we have a 24-hour capability? Yes, we do. The 24-hour capability is nothing more than making sure you can get on to the computer at any time of the day. I don't get up in the middle of the night very often to use it.

Senator SCHMITT. But the information is statistical information. Your tripwire does not include an automatic alert to you if the Straits of Hormuz are suddenly mined. You expect somebody else to notice that. Is that correct?

Mr. WINKLER. Yes; the Department of Energy system is designed in terms of energy information. We, of course, through the Office of International Affairs, have a link with the intelligence community. If a world event occurs there is a procedure whereby Mr. Vaughan or myself is alerted. If something does happen, I then can pull out the terminal, plug it in, and within moments have at least a rough idea of what that means so I know whether I can go back to sleep or whether I have to drive in to the Forrestal Building to start working.

Senator SCHMITT. Well, let me make sure I understand. The computer is continually updated with respect to current situations in critical parameters, and is it automatically looking at the trends in those parameters? Do you have to ask it to look?

Mr. WINKLER. We have to ask it to look. We are developing key indicators, so if ranges are exceeded we know to look further. The essence of this system—we are not duplicating the statistical accuracy of the Energy Information Administration—is to provide us with a quick alert of what possibly could happen. It's a warning. If it tells us that something could be a serious problem, then I know I've got to get the EIA computers, the econometric models geared up, I've got to throw in more staff. But for the first time, I think, in the Department of Energy's history, we now are like a submarine, we now have a periscope.

Mr. VAUGHAN. One other thing, Senator, that I think is significantly different from the past, is that we have a daily briefing about the full capacity of this Nation's ability to gather information anywhere in the world. So we do have access.

In the past, certainly in the early days of the Department, that capability did not exist. It has been significantly strengthened and enhanced through Mr. Thomas, the Assistant Secretary for International Affairs, and I receive every day the programs, the briefings focused on things of interest, of course, to the Department of Energy. And so there is an ongoing flow of information from which you can make a judgment and pick up trends.

I pass those on to Mr. Winkler or Mr. Furiga, as appropriate, on a daily basis, and I can certainly authorize them to be read in on a daily basis to that loop if necessary. That is not the routine, because we do not judge it as necessary at this stage. Again, you're striking a balance between security requirements and a need to know.

ELECTRIC POWER SUPPLY RELIABILITY

Senator SCHMITT. In another recent report, the GAO found that one, Federal leadership for electrical emergency planning and preparation is unorganized and ineffective; two, DOE has an inadequate program for dealing with major electrical disruptions; three, DOE Emergency Electric Power Administration representatives are unsure of their status, roles, authority, and responsibility, and doubtful that the organization could operate during an emergency; four, DOE does not have adequate plans to manage and mitigate electric power disruptions; five, emergency plans to manage such disruptions and restore the power system are needed; and six, problems exist in Federal coordination with respect to electric emergency preparedness.

And I might add a seventh, a lack of understanding of where the single point failures are within our national electrical power system.

How do you respond to these statements?

Mr. VAUGHAN. I think you are quoting from the GAO report of last fall. I believe I recognize that. And I earlier this morning responded in the oil sense, and I will carry that forward to this electrical sense. It seems to me that the GAO in deciding what a state of readiness was, defined a higher standard of activism and intervention as the standard for deciding whether or not one was prepared. By that standard, this administration will always come up on the side that GAO characterizes as unprepared. We would reject that approach to the problem. We do not think it is necessary, for example, specifically to have a plan of active management, to use one of the words, an active intervention in the electric power system. It seems to us that our electric utility industry is adequately prepared to deal with disruptions. It does so very effectively through the National Electrical Reliability Council.

We see our role as simply assisting them rather than moving in and "managing."

We are revitalizing, as I indicated, the emergency electric power reserve that had atrophied under previous administrations. We have held the first meeting, and I believe some of those criticisms about people not knowing their roles, et cetera, no longer exist.

Mr. WINKLER. If I can just add one additional point. We are conducting a study of vulnerability of the electric utility system in connection with the Defense Department. So we are working with the Department of Defense and some selected local utility companies in a study, which is classified, to give us some idea of the resiliency of the electric utility system. We hope to get some preliminary results from that study by about November or December of this year.

Senator SCHMITT. What takes so long?

Mr. WINKLER. Actually going out to individual defense installations, looking at their needs, examining the plans of the utilities, sending teams to work with them.

Senator SCHMITT. What about the vulnerability of major population centers to disruptions? We saw not too long ago how vulnerable the city of New York is to a major power interruption. Don't you consider that a national danger?

Mr. VAUGHAN. Yes, sir. Certainly that kind of an event would have national implications, and we would certainly try to—we are certainly prepared to—assist were some kind of recurrence of that nature to occur. It is our belief that the power industry, through the National Electric Reliability Council, has taken steps to reduce that vulnerability to the barest minimum, and I think that is an accurate statement. We are certainly continually studying the electric power system, searching for vulnerable points which we bring to the attention of industry to correct through equipment or through operating techniques.

Mr. WINKLER. As an example of that, we just recently issued a report of a study done by the Department of Energy on power outages in the Washington, D.C., area caused by severe winter storms. We suggested ways utilities could plan better. The report has been widely distributed throughout the country.

Senator SCHMITT. What do you plan to do in 1983 with the $770,000 requested to work on these problems?

Mr. VAUGHAN. To work on what?

Senator SCHMITT. To work on the problems in the Electrical Power Administration. As I understand it, under emergency operations, energy supply, energy systems supply network, 10 staff-years are identified.

Mr. WINKLER. Essentially we have reduced some power supply activities because in the administration's judgment, these activities are more appropriately done by the utility industry. Previously we expended considerable resources on studies involving maintenance, fuel quality, and other routine, day-to-day operational activities of the utilities. We have terminated a lot of that activity.

We also hope to streamline the international permit activity and perhaps raise the fees to more fairly reflect our actual cost of processing those.

Senator SCHMITT. It would not seem to me that a 10 staff-year effort by itself would be adequate to examine the problem of vulnerability, and do something about the problem within the electrical power distribution system of this country. I presume that in addition to that other agencies with whom you cooperate have significant numbers of personnel, DOD, FEMA, and others. Could you supply for our record a graphical as well as a word analysis of the total Federal effort, as well as mitigation of these problems?

Mr. VAUGHAN. We will certainly supply that, Senator.

[The information follows:]

ELECTRIC ENERGY ACTIVITY

The Department of Energy has been delegated sections 202(a) "for the purpose of assuring an abundant supply of electric energy throughout the United States . . ." and 311 ". . . authorized and directed to conduct investigations regarding the generation, transmission, distribution and sale of electric energy. . . " of the Federal Power Act. Also, the Department has the responsibility for section 209 of the Public Utility Regulatory Policies Act (the national electric reliability study and the Secretary of Energy's annual report on electric reliability issues and initiatives). The Secretary of Energy, by various Executive orders, has the authority to establish and maintain an electric emergency reserve program (Executive Order 11490 delegates the authority; Executive Order 10647 permits the appointment of industry executives to be utilized in times of declared emergencies; and Executive Order 10480 delegates the authority to establish a defense mobilization program which may include priority and allocation of resources).

The above authorities indicate that the Department of Energy has the central responsibility for electric power supply reliability assessment and assurance. Many other agencies in their permitting processes, have responsibilities and programs tangential to this effort. For example, the Department of Agriculture, through its Rural Electrification Administration, the Nuclear Regulatory Commission, and the Army Corps of Engineers, review electric power supply adequacy. The Department of Defense continually assesses vulnerability of defense bases and defense-related industries to sabotage or other supply system failures. The Federal Emergency Management Agency has a broad mission to coordinate the various Federal energy emergency supply initiatives. The Emergency Mobilization Preparedness Board has several of its primary committees establishing overall Federal policy and initiatives to assure civil and military capability to mobilize for national security.

The Department of Energy continually coordinates with other Federal and State agencies and specialized industry groups involved in electric power supply reliability. The Energy Emergency Operations Office effort, in addition to this coordination role is directly involved with electric reliability through various program initiatives: continually assessing vulnerability of electric utility networks to disruption; preparing a section of the Secretary's annual report on electric power system reliability as required under PURPA, section 209; analyzing the risk, extent, and impact of potential energy shortages; monitoring and analyzing industry activity to support energy emergency responsiveness; participating in a study of feasibility and benefits/costs of power pooling in Alaska; preparing statistical data on electric power system supply/demand and powerplant additions to capacity; studying ways to increase the availability of existing powerplants; analyzing potential efficiencies from greater coordination of electric systems; and revitalizing the emergency electric power executive reserves program.

ELECTRIC POWER INDUSTRY

Mr. VAUGHAN. Let me add, however, with respect to the electric power industry, the electric power industry in this country has—and I referred to it several times—the National Electric Reliability Council, which is a formal organization to address the reliability, and it has regions throughout the country. It issues annual reports and specific reports. It is constantly analyzing the subject of U.S. electric power reliability.

So in this area certainly less commitment is required, in my judgment, by the Federal employee than you might in approaching the problem expect. There is a tremendous effort by the industry itself with a high degree of success. I know of no other country in the world that enjoys the reliability of service that this country enjoys.

Senator SCHMITT. I concur with that. But I also would add that the interest of the private sector's coordinating group would be in insuring a continuous customer service, whereas there are some larger national interests which such a council might not feel obligated to address. And I'm not talking about a large group. You may have enough. It's a question of coordination of the Federal effort. It's those problems which the Federal Government must address because they would be beyond the range that one might expect the private sector to address.

Mr. VAUGHAN. I think you hit the key word. This is for us essentially a coordinating effort.

Senator SCHMITT. I'm not worried about coordinating something that's already coordinated; I just want to be sure that we're looking at the national implications of certain vulnerabilities in our electrical power distribution system, that they are beyond whether a particular group of customers are going to continue to have service for a 24-hour period.

Mr. VAUGHAN. We think we are doing that quite successfully through the funding, personnel assignments, and organizations that currently exist. As you have also mentioned, there are other Federal agencies involved. I might also mention that in this area, since the electric utilities are regulated entities, the FERC has continuing jurisdiction over a portion of their activities, and then each of the privately-owned utilities is subject to the regulation of State public service commissions. Also, of course, there are the TVA, and the Bonneville Power Administration, which is part of the Department of Energy.

So we think we have a good grasp on this subject.

STRATEGIC MINERAL STOCKPILE

Senator SCHMITT. Do you see any essential differences between the strategic mineral stockpile of raw materials such as cobalt and the strategic petroleum reserve? Are there any conceptual differences other than the fact that one is a metal and one is a fuel?

Mr. VAUGHAN. I don't know what you're driving at conceptually. Let me tell you the differences that do strike me. There are tremendous differences in order of magnitude of the funding involved. The funding for the strategic petroleum reserve is many, many times what I understand the funding for the strategic mineral program to be, and I think properly so, because petroleum cuts across our entire economy at every level. There is very little we can do in this country without adequate petroleum. We consume significant quantities of it as a commodity. It is in that vast size difference that I think the programs are essentially quite a bit different.

There also may be a difference—certainly in some respects there is a difference—we produce a tremendous amount of petroleum ourselves. That is not true of all the strategic minerals. My understanding of that program is that stockpiling focuses on those things which we totally import or have a large fraction of imports. In oil, over half of our needs are supplied domestically.

Senator SCHMITT. Well, the concept behind the strategic mineral stockpile, inadequately implemented, but nevertheless the concept, is that you would have enough of a particular mineral or material like cobalt in the stockpile to give you a 3-year supply in a national emergency where imports were totally cut off. You could argue in a different forum whether we are really meeting those stockpile goals, but let's say that's the concept. In a 3-year period of time, for cobalt at least, in a national emergency with a crash program, with the right roadblocks removed, we could probably meet our national cobalt production requirements, because there are three known major cobalt deposits, which under slightly more favorable economic conditions would be productive.

Now the strategic petroleum reserve has as its goal something considerably less than 3 years at considerably higher cost, the fundamental conceptual difference being that we use petroleum at a much higher rate than we use cobalt in our economy, although we are equally vulnerable, at least our national defense is equally vulnerable to a cutoff over a long period of time.

ALTERNATIVES TO SPR

You don't feel that the tremendous investment required for the strategic petroleum reserve would be better expended directly or indirectly on developing new petroleum resources rather than just storing a 6-month supply of petroleum in the ground?

Mr. VAUGHAN. No, sir, I do not.

Senator SCHMITT. What happens at the end of 6 months, then?

Mr. VAUGHAN. Let me try to explain to you why I don't. If I understood your question to be couldn't we use those funds for production domestically more profitably than storing oil——

Senator SCHMITT. Within the total economy, not necessarily the Government using them; the same number of dollars applied to the development of a new field would provide you with the same capacity for 10 years rather than 6 months.

Mr. VAUGHAN. No; I do not, and the reason is what we are trying to provide a hedge against is a shutoff of supplies from overseas, and in my judgment we need to stockpile crude rather than simply develop additional domestic resources. That is going on in the private sector now. There is considerable question as to whether we can have the resources here at home to meet our entire needs nationally by themselves without imports.

Senator SCHMITT. Well, let's just assume we could. Leave that question aside. Do you think the strategic petroleum reserve is still justified?

Mr. VAUGHAN. If you were certain that you were going to have total domestic capability of supplying your needs?

Senator SCHMITT. No, no; let's say you were certain the resource base exists; that if you made the investment you would have a million-barrel-a-day capacity for a 10- to 20-year period rather than 6 months for the same investment. Would you make that investment? Or would you still argue to keep the strategic petroleum reserve?

Mr. VAUGHAN. Again, if I were sure that we would make that investment and it would meet our needs totally, then it would seem to me we'd be back to our situation prior to the need to import, and that would be a preferable situation than having to have a stockpile.

I don't think we are likely to get to that, for a variety of reasons.

Senator SCHMITT. One reason is we made the commitment to put the bucks in the strategic petroleum reserve and we're not going to make a comparable commitment through tax credits or otherwise to the development of a national resource, a natural reserve. Right?

Mr. VAUGHAN. That is certainly one of the factors, yes, sir.

Senator SCHMITT. I was told by a high placed official in the OMB that the real reason we have a strategic petroleum reserve is to act as an accumulatoı to prevent price disruptions from affecting the world market as much as they can in the absence of such a strategic stockpile. Would you agree with that?

Mr. VAUGHAN. The purpose, as I understand it, for the strategic petroleum reserve, Senator, is not a price support mechanism, or a price lid mechanism, although it would seem to me at some point all supply-price arguments eventually get to price. The purpose of this reserve is to make us less vulnerable for the fraction of our national needs that are in fact imported.

Senator SCHMITT. From a supply point of view, that's a ludicrous argument. Nobody is going to be threatened by a 6-month supply. They might be threatened by 6 months of our ability to accumulate a world price shock. That's a different argument, and I'm not sure I buy that one either, but it's certainly a different argument. But you can't tell me, and I don't think you can tell anybody who is knowledgeable in the energy game, that there is any threat of a 6-month supply of petroleum stored in the strategic petroleum reserve, because they know after 6 months, if they just keep up the embargo then you're right back where you would have been if you never had a reserve.

Mr. VAUGHAN. Well, that assumes several things. That assumes, of course, that your demand would stay at the level you entered the shortage, which I find very difficult to believe. If you expected the shortage to last over 6 months you would obviously try to husband and drag that 6 months into a year or more by cutting demand, and the main way this administration would cut demand is through pricing.

So it seems to me the simple mathematical calculation of so many days of usage into the volume of oil stored, the real world emergency situation——

Senator SCHMITT. But any significant reduction in demand over what we have already achieved is going to have a significant disruption in the national economy.

Mr. VAUGHAN. There's no question about that.

Senator SCHMITT. And they know that, anybody who might embargo our imports knows that as well as we should.

Mr. VAUGHAN. I think our purpose is to survive economically.

Senator SCHMITT. The point is, we'd run out of crude oil before we would have domestic production capacity to match what any major embargo would deprive us of, right?

Mr. VAUGHAN. If I understand you correctly, if we think we're going to have a shortage or the shortage occurs during embargo, then we enhance our national production. Yes, sir, you're absolutely right. It would take considerable time to upgrade or significantly increase the size of our domestic production to match the shortage. That is one of the things that SPR is designed to do—to allow us to bridge that gap.

Senator SCHMITT. Yes; but you can't bridge it with a 6-month supply. That's the point I'm trying to make. In cobalt you can, because the volume of cobalt that you're required to store is significantly smaller in orders or magnitude than the volume of petroleum you'd have to store in order to bridge that gap. You can't bridge it with a 6-month supply, and I'm not advocating that you try to put in the ground a 3- or 5-year supply; I'm just trying to make you think a little bit about the conceptual difference between the cobalt strategic reserve and the petroleum strategic reserve.

Mr. VAUGHAN. I think you are also positing, Senator, a total cutoff.

Senator SCHMITT. No, I'm not. I'm talking about a cutoff that requires you to begin to produce out of the strategic petroleum reserve at a million barrels a day, and that's not a total cutoff. It's a significant cutoff.

Well, let's leave it here.

Mr. VAUGHAN. We can produce at current stocks 1.7 million barrels a day. When the program reaches the three-quarter billion barrels we'll be able to draw down at the rate of 4.5 million barrels a day.

ADDITIONAL COMMITTEE QUESTIONS

Senator SCHMITT. Gentlemen, the subcommittee will have a number of questions for the record. I apologize for getting off on the SPR again. It's an issue that will probably be resolved no matter what I personally feel is the wisdom of it.

We particularly have questions on the naval petroleum reserve, and, Captain, I'm sorry that I didn't get to them. I must go to an Intelligence Committee briefing, our markup on the budget.

We will submit those questions to you for the record, however.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Energy Emergencies

Question: Last year, DOE reported they were developing an emergency readiness posture to insure "immediate response: to an energy emergency. I asked what the words immediate response meant and was informed, on the record, that immediate response means three to five weeks. Is DOE still looking at such a time frame to respond to energy emergencies? If so, why can't DOE adequately respond any faster?

Answer: We believe the free market can respond quickly and effectively to energy emergencies. Of course, the timing of any response would depend on the nature of the emergency. To ensure the market operates at maximum efficiency, we seek to provide accurate and timely market analyses to all consuming and producing sectors.

Through our data monitoring system, we generate daily assessments of energy markets and conditions. This system permits us to assess impacts quickly. Providing such intiial information permits state/local governments and industry to respond efficiently, with the least dislocation.

Besides providing accurate and timely analyses, we are improving our capability for responding to energy emergencies by:

- Promoting private oil stockpiles through market reliance as well as by examining ways to provide incentives or remove disincentives for industry to stockpile oil.
- Fostering a closer government-industry partnership and promoting public understanding of the need for energy emergency preparations through improved communications and information dissemination.
- Reactivating the executive manpower reserves to strengthen the industry-government partnership to prepare for and manage future energy emergencies.
- Facilitating surge oil production, specifically from the Naval Petroleum Reserve.
- Studying monetary and fiscal policies to offset effects of price increases during a severe supply disruption.
- Mitigating or removing regulatory, environmental, technical and economic barriers to efficient energy use during emergencies.
- Developing plans to support defense preparedness, including National Oil Board plans to support U.S. commitment to NATO's Civil Emergency Planning and Wartime Oil Organizations.
- Supporting international programs by developing contingency plans for a National Emergency Sharing Organization and a mechanism to backstop voluntary offers by U.S. companies should the IEA emergency system be triggered. We are also planning for U.S. participation in the IEA's Allocation System Test-4 in spring of 1983.
- Coordinating energy emergency programs with states and localities. To facilitate communication our electronic mail system links states, Regional Electric Reliability Councils, and energy associations.
- Assessing vulnerability to terrorism, sabotage and accidents of SPR, NPR, the electric utility network, oil and gas pipelines, etc.
- Planning for domestic emergencies by studying ways to mitigate their impacts. We also examine state regulations that could be lifted temporarily to increase oil surge

production. We have established an Alert Coordination System for electricity and other fuels. A watch officer, available around-the-clock, during an emergency or problem, can call on appropriate expert(s) in DOE to solve the problem.

Market Operation

Question: Specifically, what do you plan to do during fiscal year 1983 to facilitate the operation of market forces as a primary mechanism for dealing with energy disruptions? What assurances do we have that the private sector -- the free market -- will respond correctly in every case during an emergency disruption? Do we have any mechanism to require the private sector to respond correctly if they have not?

Answer: In FY 1983, Emergency Preparedness will continue to emphasize emergency preparedness programs designed to reduce the vulnerability of the nation to energy supply disruption primarily through reliance on the market, coupled with self-help programs. This objective will be accomplished through: (1) removing or relaxing disincentives, such as technical, environmental, and regulatory barriers; (2) assessing current and projected energy price and supply information; (3) monitoring energy production and marketing activities; (4) developing an early warning capability; (5) assessing the vulnerability of the nation's energy systems (6) developing and implementing systems to coordinate communications and operations during energy emergencies; (7) evaluating the national security and defense implications of energy emergencies; and (8) supporting U.S. commitments to the International Energy Agency and the NATO Civil Emergency Planning Organization.

Unhampered by unwarranted Government intrusion, the marketplace can best deal with millions of individual decisions as individuals and firms respond to rising oil prices. Such decisions also permit the most rapid and efficient response to regional shortages, because the less centralized the decisionmaking authority, the less chance that a central decisionmaker will cause widespread damage by decisions that later prove to be ill-advised.

Extensive legislative authorizations exist for direct Federal involvement during severe supply disruptions. These include the Defense Production Act, Energy Policy and Conservation Act, Emergency Energy Conservation Act, Public Utility Regulatory Policies Act, Federal Power Act, and Trade Expansion Act.

IEA

Question: What is this country's role in the IEA?

Answer: We are working closely with the IEA to achieve multinational cooperation to plan for the production, transport, and efficient use of energy, as well as to develop coordinated responses among the 21 members during a major supply disruption. The Office of Energy Emergencies is supporting U.S. involvement in the IEA, including developing plans to support National Emergency Sharing Organization responsibilities under the International Energy Program and planning for and conducting energy emergency preparedness tests of various kinds, such as the upcoming IEA Allocation System Test-4.

Question: How much money do we provide each year to promote IEA related planning and other activities?

Answer: Salaries and expenses related to IEA activities in the Office of Energy Emergencies totals about $250,000 annually. Those salaries are for staff responsible for other planning activities as well, such as supporting U.S. commitment to NATO's Civil Emergency Planning, and Wartime Oil Organizations. Our organizational alignment also allows us the flexibility to augment these resources whenever necessary to meet our IEA responsibilities.

Question: Can you explain for the Committee what kind of fair-sharing mechanisms you expect to develop which will promote voluntary U.S. company participation in the IEA oil sharing program during emergencies?

Answer: A domestic "fair-sharing" system is not a formal requirement of the IEP Agreement. Participating companies have stated that if they are to share voluntarily their supplies of oil internationally, however, they must be assured that they will be treated equitably in each of the countries in which they operate.

DOE is reviewing the specific need for a crude oil "fair-sharing" system to backstop voluntary offers, should the President deem it necessary to meet our IEP obligations. As we discussed in our report "Domestic and International Energy Emergency Preparedness" (July 1981) the mechanisms that we are examining include:

- Distribution of oil from the SPR to firms voluntarily diverting oil to IEA member nations.
- Limited domestic allocation of crude oil to such firms as necessary to achieve compliance with IEP obligations.
- Appropriate adjustments for such firms if imports are limited by an oil import quota or fee.
- Mandatory international allocation orders to U.S. firms as necessary to achieve compliance with IEP obligations.

Institutional Impediments

Question: During 1982 and 1983, you will continue to work on two reports and other analysis of institutional impediments to the operation of the free market and measures to obviate such impediments. What are examples of such impediments, and what conclusions have you made so far as to what can be done to obviate them?

Answer: One example is that state and local governments may legislate a multitude of standby laws and regulations which may act as institutional impediments to the operation of market forces, particularly for those firms operating in a variety of states with conflicting laws and regulations.

Another example would be the imperfect information available to decisionmakers during a petroleum crisis. If this were serious, it could lead to some inefficient use of resources.

A third example pertains to contractual obligations of firms, such as refiners; these obligations could impede the effectiveness of market forces in responding to a sudden shortfall.

Our analyses of impediments is still underway. We have not yet determined whether they pose a serious problem, requiring any Federal action and, if so, which Federal measures would be most effective.

EMPB

Question: What is the current role of the Emergency Mobilization Preparedness Board? In your opinion, is this now a necessary and important role? How much money was spent to support the EMPB in FY 1982 and what is projected for FY 1983?

Answer: The Emergency Mobilization Preparedness Board (EMPB) was established by The President on December 17, 1981, to ensure that this Nation can respond rapidly and effectively to meet national needs during major peacetime and wartime emergencies.

The Board is tasked to develop an overall plan of action to immediately improve the nation's preparedness capabilities. Also, the Board will monitor Federal agency implementation of these actions.

This Board is chaired by the National Security Advisor, William P. Clark. Of the twelve working groups, the Department is represented on nine.

We anticipate that during FY 82 and 83, we will begin or complete the following major activities:

-- Complete working group policy statements;

-- Coordinate Department review of the Presidential Decision Document; and

-- Help develop a fully coordinated Department implementation plan for emergency preparedness consistent with the Presidential Decision Document.

The EMPB was established at this time because of the President's concern over the Nation's ability to respond effectively to major peacetime and wartime emergencies. We believe it is important to support a government-wide effort to ensure the Nation's preparedness capabilities.

The Office of Energy Emergencies will support EMPB with 2 staff years for coordinating all DOE EMPB activities. Other offices provide additional resources in participation on the working groups.

COG

Question: How far along is your draft of the "Continuity of Government Plan?"

Answer: The Department has completed and tested an interim Continuity of Government (COG) Plan.

Question: When will it be finished?

Answer: Under new guidance from FEMA, we are preparing a new COG plan, including significant DOE conceptual changes. Dates for completing the revised plan are classified.

Question: How will the plan be used once it is completed? Can you give the Committee a brief explanation of some of the things the plan contains?

Answer: It will specify procedures and identify a cadre of people for performing the essential uninterruptible energy functions of the Federal Government. The plan also will contain alerting procedures and logistical arrangements to include alternative headquarter sites and provisions for dependents of cadre members identified in the plan.

Energy System Supply Network

Question: What does DOE plan to do in FY 1982 with just the 770 thousand dollars requested to resolve some of these problems pointed out by the GAO? How much will be spent on this activity in FY 1983 and for what will these funds be spent?

Answer: The $770,000 to which your question refers, represents only program contract support costs. Adding our in-house staff and support costs, brings the total support to $1.7 million for the Energy System Supply Network in FY 1982. In FY 1983, we are requesting $550,000.

In FY 1982, we will continue power outage and powerpooling activities under the Federal Power Act, as amended. In addition, we will complete initial assessments of the vulnerability of the electric utility network to disruption, and will continue international transmission/electricity export permitting and licensing work. In FY 1983 we will continue those activities at a constrained level.

Energy Emergency Preparedness

Question: When was it decided to employ the energy emergency preparedness strategy set forth in your testimony on March 31, 1982, before the Subcommittee on Interior and Related Agencies?

Answer: Our strategy is an evolving one. Therefore, there is no one date for any particular component. In regard to the market reliance philosophy, the basis of our current strategy. the President clearly stated that philosophy during the campaign.

This Administration first demonstrated its strategy by decontrolling oil in January 1981. Moreover, the Administration has communicated its intention to pursue such a strategy on many occasions. Two examples (which are provided) of such communication are:

- o DOE Report (DOE/S-0008), The National Energy Policy Plan, July 1981
- o DOE Report (DOE/EP-0027), Domestic and International Energy Emergency Preparedness, July 1981

In addition, testimony before various committees and responses to specific Congressional inquiries has consistently explained Administration policies and strategies on energy emergency preparedness.

Question: Was this approach approved by the Cabinet Council? If so, when? If not, will it be submitted to the Cabinet Council?

Answer: Although we have not sought formal approval from the Cabinet Council, Members are informed about and supportive of our approach to energy emergency preparedness.

Question: Would you please supply copies of relevant background documents?

Answer: In addition to the two documents provided by the first question, the following material is provided:

o Letter, Vaughan to Representative Broyhill, dated March 23, 1982, with attached DOE report, "Preliminary Analysis of Federal Energy Emergency Preparedness Strategies: The EPAA Experience and Current Programs at the Department of Energy," March 23, 1982.

o Statement of W. Kenneth Davis, Deputy Secretary of Energy, before the Subcommittee on Fossil and Synthetic Fuels, Committee on Energy and Commerce, House of Representatives July 28, 1981.

o DOE comments on GAO Report, "The United States Remains Unprepared for Oil Import Disruptions," EMD-81-117, February 2, 1981.

Enhancing Supplies

Question: With regard to development of a Strategic Petroleum Reserve (SPR) Distribution Management Manual, when was it decided to develop a SPR Distribution Management Manual?

Answer: In late 1979, a Strategic Petroleum Reserve (SPR) Test Concept was developed which proposed a series of exercises to demonstrate readiness to implement a drawdown.

The first of these exercises, conducted in April 1980, was an internal SPR test to demonstrate the operational readiness of physical facilities. During that test, Quick Draw I, 1.3 million barrels of oil were drawn down simultaneously from three SPR sites in a one day period.

The second exercise was planned to document and test the administrative and management functions within DOE that are required to conduct a sale of and actual delivery of SPR oil. The Office of Energy Emergencies initiated efforts to proceed with this second exercise in August 1981. It was decided at that time that the results of this effort would be documented in an SPR Distribution Management Manual.

Question: What is the relationship of the Manual to the SPR Drawdown Plan?

Answer: The Distribution Management Manual (DMM) describes functions, roles and responsibilities, and procedures which would be followed within the Department to implement an SPR drawdown in accordance with provisions of the Distribution Plan for SPR (SPR Plan Amendment, Number 3, October 1979).

Question: What are the logistical, legal, and managerial requirements referred to?

Answer: The statement in prior testimony that "we are developing an SPR Distribution Management Manual (DMM) which identifies logistical, legal and managerial requirements" was intended to address a process we are following in developing this manual. The statement does not imply that a list per se of such requirements has already been developed. Our intent is to identify issues or requirements which will affect the sale and distribution of SPR oil and to assure that internal Departmental procedures in the DMM adequately consider these requirements. An example of a logistical requirement is the time required for pipeline nominations to be accepted which will affect the timing of SPR sales and deliveries.

Question: Would you please supply copies of relevant background documents that would set forth the schedule and scope of this activity?

Answer: The Interim Draft Report (Revision 1) Distribution Management Manual for the Strategic Petroleum Reserve, in its preface, describes what the DMM represents and how it was developed. A copy of the report is being provided the Committee. It also indicates what steps are necessary to complete the document, as noted below.

DOE expects to "walk-through" the decision making and management procedures next month. A full "exercise" of the system, exclusive of actually selling oil (to be simulated) is tentatively scheduled for this fall. It is planned to incorporate lessons learned from this exercise into a final DMM by late 1982.

Question: When, and on what schedule, was it decided to undertake a review of alternative SPR drawdown approaches?

Answer: Since the inception of the SPR, the Department has been continuously involved in review of potential contingency response options and procedures to assure their readiness and to ensure they reflect the evolving nature of the current energy situation. For all cases (including the SPR) we evaluate selected supply disruption scenarios against a backdrop of current domestic and international energy circumstances and assess impacts expected to result from various responses, including the SPR. In each such evaluation, we consider SPR use only in accordance with approaches described in Amendment No. 3 (Distribution Plan for the Strategic Petroleum Reserve) to the Strategic Petroleum Reserve Plan.

Question: Would you describe in detail the alternative drawdown approaches under consideration?

Answer: Apart from its emphasis on operational readiness described above, the Department seeks constantly to assure that candidate emergency response options are evaluated regularly and carefully. Such evaluation permits us to incorporate options offering improvements into operating programs which we could implement in an emergency.

In this context, there is a current study of SPR drawdown approaches underway. While we have not completed the plan for this study, the candidate alternative approaches will likely include, at a minimum, examination of the influence of various SPR drawdown strategies on the behavior of private inventories and the relative impact of SPR sale through a future or option market.

The workplan for this study will be completed by early June of this year. We would be happy to provide you a copy at that time.

Question: Would you anticipate that a revised Drawdown Plan will be submitted to the Congress and, if so, on what schedule?

Answer: The Department has no plan at present to revise Amendment No. 3 to the SPR Plan.

Question: Was this approach approved by the Cabinet Council? If so, when? If not, will it be submitted to the Cabinet Council?

Answer: As noted in a previous response the review of SPR drawdown approaches is part of DOE's routine energy emergency preparedness planning activities. As such, no formal submission to the Cabinet Council has been made, nor is any such submission contemplated.

Question: Would you please supply copies of relevant background documents that would set forth the schedule and scope of this activity?

Answer: We will complete the workplan for the planned study by early June of this year. We would be happy to provide you a copy then.

There is other work underway to explore the range of information that will be available for consideration of SPR use during an emergency, an efficient organization and suggested interpretation. Although incomplete and little more than a working paper at present, an early draft of the findings of that study is being provided for your information.

Question: With regard to encouragement of private stocks, when, and on what schedule, was it decided to encourage private stocks? What are the options being evaluated to create incentives and to eliminate disincentives?

Answer: We are identifying prospective options to be evaluated. These will likely include federal financial incentives and those with little or no budgetary impacts, including removing existing disincentives. We expect to complete this work by the end of June and shall be glad to share the list of options with you then.

It should be emphasized that this project is a study--there has been no decision by the Department to recommend any particular option, nor can it be assumed that any such recommendation will be forthcoming. The only point that has been decided is that these are important issues which DOE believes should be studied.

Question: When, and on what schedule, was it decided to undertake a review of alternative SPR drawdown approaches?

Answer: Since the inception of the SPR, the Department has been continuously involved in review of potential contingency response options and procedures to assure their readiness and to ensure they reflect the envolving nature of the current energy situation. For all cases (including of the SPR) we evaluate selected supply disruption scenarios against a backdrop of current domestic and international energy circumstances and assess impacts expected to result from various responses, including the SPR. In each such evaluation, we consider SPR use only in accordance with approaches described in Amendment No. 3 (Distribution Plan for the Strategic Petroleum Reserve) to the Strategic Petroleum Reserve Plan.

Question: Would you please supply copies of relevant background documents that would set forth the schedule and scope of this activity?

Answer: A preliminary workplan that provides information on the scope of the project and schedule of activities as well as a discussion paper prepared by Alvin A. Alm and Edward N. Krapels, for the Harvard Energy Security Program with DOE funding, entitled: "Building Buffer Stocks in a Bear Market: Policy Choices for Emergency Oil Reserves," is being provided to the Committee.

Question: Was this approach approved by the Cabinet Council? If so, when? If not, will it be submitted to the Cabinet Council?

Answer: Our approach is preliminary and the Cabinet Council knows that we are developing an approach. At this time we have not submitted such work to the Cabinet Council, and there would be no need to do so since the activity involves routine study and analysis.

Mitigating Impacts

Question: Describe in detail what the Administration is doing to develop coordinated reponses among the IEA members.

In particular, describe in detail the contingency plans for a National Emergency Sharing Organization.

Answer: The IEA coined the term "National Emergency Sharing Organization: (NESO)" to denote the body within each IEA country responsible for (1) liaison with the IEA on international oil allocation during an emergency; and (2) national oil emergency matters.

The Department of Energy functions as the U.S. NESO, and a number of DOE Offices carry out NESO responsibilities. Presently DOE staff are working to delineate and codify these duties.

The goals of this project are: to identify the discrete operations implied in the general definition of NESO responsibilities; to associate these operations with specific Federal offices (some may not be DOE offices); to identify the flow of operations between offices in performing NESO duties; to suggest new or modified operating procedures, system flows, communications links to enhance performance; and to document these operations, responsibilities and systems.

We expect to have an interim NESO Management Plan by April 30, 1982.

Question: Describe in detail DOE's mechanism to backstop voluntary offers by U.S. oil companies should the IEA emergency system be triggered.

Answer: A fair-sharing system to backstop voluntary offers is not required under the IEP. However, the International Energy Agency recommends, and the Administration has agreed, that countries should create an atmosphere to meet any requirement to share oil and share equitably any losses incurred by oil companies.

DOE has not completed its review of fair-sharing options. Our review will identify barriers to voluntary offers; isolate the losses, if any, which need to be shared; and establish the need for fair-sharing under the mandatory system. DOE will develop contingency plans to support the voluntary and mandatory offer systems should the U.S. ever have an allocation obligation.

Question: Describe in detail the Administration's plans for U.S. participation in the IEA's Allocation System Test-4 in the Spring of 1983.

Answer: Plans for U.S. participation in AST-4 are under development, and will eventually be embodied in an AST-4 Exercise Guide. Completion of these plans must, of course, await final decisions by the IEA about objectives and scope of AST-4. An IEA AST-4 Design Group, chaired by David Burns of the U.S. State Department, is considering these issues. Other IEA member countries, Reporting Companies and the IEA Secretariat are represented in the Design Group, which expects to make recommendations on some of the principal issues, such as the testing of price, to the IEA Standing Group on Emergency Questions by late June for a decision.

Question: Describe in detail DOE's analysis of financial and economic impacts of energy supply disruptions.

Answer: There have been numerous studies of this issue in DOE and elsewhere. The results of these analytic efforts are documented in reports noted by the following partial bibliography.

Question: Describe in detail DOE's analysis of the feasibility of recycling selected revenues.

Answer: The Department has studied economic and distributional problems and associated macroeconomic consequences of an oil supply disruption, but has made no definitive analysis of the feasibility of recycling revenues. There have been a number of studies under contract to DOE concerning recycling, including:

- ICF Inc., November 1981, Responding to Hardships from Oil Supply Disruptions: Analysis and Administrative Issues.

- ICF Inc., April 1981, Mechanisms for Recycling Federal Tax Revenues to Individuals and Households in Event of a Sudden Increase in the Price of Oil.

- Three preliminary studies by the Cabot Consulting Group.

  Preliminary Assumptions: Hardship Income Redistribution Mechanisms (January 1981)

  Preliminary Report: Selected Economic Issues In Petroleum Supply Shortfalls and Tax Revenue Distribution (September 1981)

  Preliminary Report: Comparison of Administrative Implications of Alternate Rebate Mechanisms (November 1980)

- Finally a draft report of April 1981 by an interagency working group chaired by DOE, Petroleum Emergency Preparedness Study (PEPS).

The most notable of these studies is the April 1981 ICF Inc. report which identifies advantages and disadvantages of three revenue recycling options and assesses their feasibility for implementation. A copy of each one of the above studies is being provided to the Committee.

Question: With regard to the above question, were these approaches approved by the Cabinet Council? If so, when? If not, will they be submitted to the Cabinet Council?

Answer: To our knowledge, these issues have not been presented to the Cabinet Council, and we have no plans to do so at this time.

Question: Would you please supply copies of relevant background documents that would set forth the schedules and scope of these activities?

Answer: Relevant background documents include:

- Activity Summaries for:
  - NESO Management Plan
  - Supply Right Project
  - AST-4 Project
- Workplans for the above
- "Domestic and International Energy Emergency Preparedness " July 1981

Question: Describe in detail what the Administration is doing to encourage suppliers, consumers and state and local governments to develop their own contingency plans.

Answer: Revisions to the draft Emergency Public Information Plan being developed by a DOE intra-agency Task Force will emphasize both the importance of State, industry, and consumer group involvement in Federal contingency planning and the requirement for free market preparation for energy emergencies. To accomplish this, the plan will identify State, industry and consumer group concerns and capabilities regarding their planning role and information needs via working-level meetings. It will also identify a Federal role in facilitating interindustry, State and special interest group sharing of planning information developed by Federal, State, and local governments.

To encourage States to develop contingency preparedness plans, the DOE has prepared draft "Retrospective and Prospectus on the Problems and Options" related to public information and communication during the energy energy shortages of 1973 and 1979.

Information exchanges between the Federal and State Governments, and among States, local governments, private organizations and industry groups, will be critical to an accurate assessment of the dimension, and duration of an energy shortage, and will better encourage precise remedial responses among these groups and the public. Serious informational lapses and inaccuracies undermined the ability of the Federal Government in past emergencies to adequately prompt and sustain public participation in undertaking remedial measures, and our Emergency Public Information Plan seeks to redress that situation. shortages of 1973 and 1979.

Developing Essential Information

Question: Describe in detail the DOE's public information plan.

Answer: The Department of Energy is developing an Interim and Final Emergency Public Information Plan as described below, which will revise the draft plan prepared last year. The urgency of accelerating an interim plan has precluded the coordination needed to produce a final approach. Consequently, changes in the scope and direction outlined are expected.

Description

- Interim Emergency Public Information Plan

  The Interim Emergency Public Information Plan will include public information procedures developed within the framework of DOE's existing organization and information products. The IEPIP will detail information and personnel resources and their use during energy emergencies. The IEPIP will be in force until superseded by the final plan (below), which will contain more exhaustive procedural and policy information.

- Emergency Public Information Plan

  Includes procedures to provide timely, accurate, and consistent information to the public about an energy emergency and the actions the public, State, and local Governments might take to cope with it. It will also educate the public about U.S. vulnerability to oil supply interruptions and policies and procedures for ameliorating their effects. The plan will incorporate an Operations Manual detailing data sources, target audiences, data verification methods, internal DOE procedures for data dissemination, and procedures for coordination with external agencies and associations.

  An intra-agency task force will develop interim and final plans. To date, members have been assessing their organization's information flow and data/analytical products appropriate for public dissemination.

o Products/Estimated Completion Date

--Interim Emergency Public Information Plan - Early May 1982.

--Emergency Public Information Plan - September 30, 1982.

Question: Describe in detail what the Administration is doing to facilitate effective communication during an oil supply crisis.

Answer: To facilitate effective communication during an oil supply crisis, DOE has instituted several programs described below:

-- The Emergency Operations Center in Germantown maintains an Alert Coordinating System for the Office of Energy Emergencies as well as the Federal Energy Regulatory Commission. The Office of Energy Emergencies maintains an Alert Coordinating Officer (ACO) around the clock who can be called at the DOE Emergency Operations Center, 301-353-5555 or through a special emergency number, 202-252-5161. To facilitate broader use, these numbers will soon be published in the *Federal Register*.

-- An emergency contacts network directory. Of key officials and primary contacts for all federal agencies; Governors' offices, energy offices, public utility commissions, and civil defense offices. Under development is a directory of key industry contacts by sector.

-- A task force to develop standard operating procedures and suitable facilities to manage energy emergencies.

Other Departmental activities include:

-- Evaluating the need for improvements to the telecommunications links to all state energy offices, state emergency operations or disaster control centers, DOE regional operations offices, and appropriate outside organizations.

-- Enhancing existing communication systems (a detailed explanation is provided below. Under examination are system redundancy features to assure uninterrupted communications during emergencies.

-- Developing a public information plan with prepackaged materials suitable for use during energy emergencies (a detailed explanation is provided above).

-- Forming regional coordinating councils of state, local and industry officials who can facilitate emergency planning and implementation within geographical areas. Under consideration is a pilot project in the Western region to include states within Petroleum District Administration for Defense (PDAD) V.

Question: Describe in detail the DOE's daily energy situation report.

Answer:

Background

The Energy Situation Reporting System includes the Energy Situation Report, and a supporting data base called "Tables." The Energy Situation Report is a daily report used mainly as the core of an on-line computerized reporting system. It highlights recent events affecting U.S. energy supply availability, data on energy supply and demand, and items which may develop into future problems.

It includes: (1) Highlights and Early Warning Items, and (2) Background Information. The latter section has separate subsections with current general information on crude oil petroleum products, natural gas, coal and other solid fuels, electric power, weather trends and forecasts, and special topics as noted in individual items in the Highlights and Early Warning section.

Additional background data are available on the "Table" system, derived from government and non-government sources.

At this stage the Energy Situation Report serves mainly to collate and highlight essential energy data on a timely basis. In future stages of its development, ESRS will be connected with more detailed historical data and with the extensive on-line consolidated publication files under development in EIA. We will enhance the collating function by more analytical work as we improve our modelling and analytical capabilities to draw information from EP, IA and EIA data bases.

The daily production of the Energy Situation Report and the availability of other background material through the "Table" system, are the current products of the activity.

Purpose and Origin

The Energy Situation Reporting System (ESRS) provides the Deputy Assistant Secretary for Energy Emergencies (DAS/EE) an accurate and current daily overview of the national and international energy situation. He may use this report to identify trends and spot a potential energy problem. The ESRS report is an early alert information system and is intended to become a trip-wire, indicating the need for additional investigation and possible initiation of contingency programs.

The report was put on to the computer and made available to the DAS, EE about the first of December 1981. However, since the ESRS is under development, we are improving the format of the daily report and enhancing the system by giving it improved analytical capabilities, and access to additional detailed background material.

In addition the ESRS report will provide timely information on the worldwide energy situation to other DOE senior officials for use in developing and administering policies and programs. In short, the ESRS report will keep the user abreast of significant energy developments, particularly those posing major consequences for U.S. energy supplies, demand and prices.

Distribution

We circulate the report in-house, except for a weekly copy for the White House.

At this time we do not expect routine distribution of hard copies outside the Department. We anticipate that State officials may receive access to the system, given the need for accurate and timely information when an emergency threatens or materializes. However, such access would be by cathode ray tube display. Thus, no printed copies would be required beyond those for in-house use.

Sources

In addition to EIA reports, we use a number of publications to update the source data files, including:

Petroleum Intelligence Weekly
Oil and Energy Trends
American Petroleum Institute's Weekly Statistical Bulletin
Platt's Oilgram
Association of American Railroad's Weekly Carloading Report
Bureau of the Census' Reports
Coalship Trade and Transport Corporation
Bureau of Labor Statistics' Reports
McGraw-Hill Economics Department
Edison Electric Institute
National Weather Service
Oil and Gas Journal

We also rely upon informal information sources, telephone calls, etc.

Question: Describe in detail the DOE's rapid information retrieval and analytical capability.

Answer: The purpose of this capability is to rapidly retrieve and analyze information to support situation assessments which may be required in any energy disruption. This work is being done in close cooperation with EIA.

To provide this capability, we are (1) developing a data base which satisfies all of our informational requirements; (2) improving the overall system so that it is easier to access and maintain; (3) designing various output formats which will automatically bring together critical data elements from different tables or data sets, such as company-specific information on crude oil refining operations; and (4) integrating the data base so that it can be manipulated for ad hoc analytical tasks.

To this end, we are reviewing information sources within the Department as well as other non-Departmental data. We are also investigating the accessibility of these sources by computer, in order to access the data as soon as they become available. In addition, a task group will develop analytical enhancements to the system. This is expected to be a long-term effort to complete; however, enhancements are being incorporated into the system as they are developed and perfected.

Question: Describe in detail thse DIALCOM electronic mail system.

Answer: During energy emergencies, rapid communications are essential for the exchange of timely, accurate and unambiguous information. In past emergencies, the primary communication links have been the telephone, telegraph, teletype, facsimile and postal service, all of which have been useful but have inherent limitations--costliness and time delays.

To augment traditional communication channels we are using an electronic message system (DIALCOM) to exchange messages with a single party or a selected group, such as State energy offices. The advantages of this computer-based system are:

--Simultaneous transmission to a large universe of receivers;

--Receipt of incoming messages while an outbound message is being sent--incoming message is stored until the recipient calls for it;

--An easy to use, easy to learn way to communicate;

--No geographical limitations, no time-zone delays, no missed connections;

--Unambiguous hard-copy exchange of information;

--Ready creation and storage of files within the system--with easy retrieval;

--Priority system ensures most important mail received first;

--Automatic acknowledgement-by time and date--of messages received by the intended recipient; and

--Forwarding capability of stored information to any user, at any time.

Today, 45 states use the system and DOE is exploring ways to add the remaining states. Other potential users include other federal agencies, electric utility associations, emergency executive reserves, trade associations, etc.

Any number of users can be included on a distribution list -- commonly referred to as a "mailbox." Separate mailboxes also can be established. For example, in 1980, a separate mailbox was created for the eight states participating in the IEA's allocation test (AST-3). Each of these states also was on another distribution list (mailbox) with 38 other states for ordinary, non-test transmissions. This arrangement enabled DOE to maintain test separation while permitting uninterrupted message flow on other subjects to and between non-participating states, all on the same system.

Most computer terminals--either portable or wired--with a telephone hook-up can access DIALCOM by dialing a local telephone number, regardless of the users location.

To provide even more effective communication during an emergency, DOE is considering the following:

a. Expanding the universe of users quickly to allow time for training to use DIALCOM, promoting familiarity with the various system options, and making system use an automatic and routine way to communicate; and

b. Enhancing the existing system by installing equipment for off-line text composition, designing software that would synthesize critical information received from diverse sources, designing special formats for data input, computer conferencing for up to 20 parties, and transferring non-proprietary information from the EIA computer into DIALCOM and vice versa.

Question: With regard to the activities included in the above question, would you please supply copies of relevant background documents that would set forth the schedules and scope of these activities?

Answer: The following schedule outlines the preliminary approach for development of an EPIP by September 1982. Plan development is on schedule with the next major product, the interim EPIP, available for internal review in early May 1982.

EMERGENCY PUBLIC INFORMATION PLAN (EPIP)

Preliminary Schedule of Events

KEY ACTION	ACTIONS	APPROXIMATE COMPLETION DATE
*	1. Brief DAS/EE on EPIP objectives and planned approach	February 25
	2. Solicit membership on EPIP Task Force	March 9
	3. Produce draft review of available literature on previous public information actions during 1973 and 1979 energy shortages	March 25
*	4. Provide retrospective on past public information actions to DAS/EE, including proposed State questionnaire	March 31
*	5. Convene meeting of Task Force; directs review of retrospective	April 1
	6. Task Force comments received and incorporated into new retrospective	April 7
	7. Identify current internal DOE responsibilities/resources (Task Force)	April 16
	8. Identify current public information efforts (Task Force)	April 16
*	9. Develop Interim Public Information Plan based on current departmental resources and capabilities	May 1
	10. Identify external agencies with critical public information roles	May 1
*	11. Convene meeting of external agencies to discuss project/participation	May 7
	12. Begin discussions with selected industry groups	May 14
*	13. Report on findings and recommendations	June 15

	14. Analyze public information requirements: roles, data development and release, target audiences, Federal spokesmen	August 20
*	15. Issue Final Report of Findings and Recommendations; proceed with development of EPIP	August 27
*	16. Issue draft EPIP to DAS/EE and AS/EP (representing Task Force consensus views)	September 30

Question: With regard to utilization of IEA data and expertise, what is the authority for such information retrieval and analytical capability?

Answer: We know of no legal obstacle to the U.S. Government utilization of data or analyses distributed by the IEA, as in the case of any other source of useful information. Some IEA data contain company proprietary information and are classified by the IEA. DOE handles such data according to IEA guidelines.

Coordination with Other Agencies, States and Localities, and the Private Sector

Question: With regard to revitalization of the Executive Manpower Reserves, would you describe in detail the Executive Manpower Reserves--the Emergency Electric Power Reserve, the Emergency Petroleum and Gas Reserve, and Emergency Solid Fuels Reserve?

Answer: We intend for Emergency Executive Reserve units to serve as standby organizations to help meet the Nation's needs for oil, gas, solid fuels and electric power in the event of limited or general war, international tensions that threaten national security, and other Presidentially-declared emergencies. The units would assist, coordinate, and when necessary, participate in the direction of certain essential activities of their respective industries to assure supplies of energy to meet critical military and civilian needs. The basic emergency functions of the units include:

--Formulating, coordinating and implementing emergency energy supply programs;

--Representing the energy supply industries before other federal agencies to obtain such critical resources as labor, material, transportation, communications, and funds needed for vital activities;

--Helping to distribute scarce energy resources, from primary inventories, production and generation, through distribution to wholesalers, retailers and end-users; and

--Maintaining communications and liaison with energy supply industries, energy consumers, and government agencies as necessary to perform these functions and assist in assessing the scope and magnitude of an emergency.

These units were organized first within the Department of the Interior and later were transferred to the jurisdiction of the Secretary of Energy upon creation of DOE in 1977.

The Reserves consist of civilians qualified either as National Defense Executive Reservists (NDERs) or as special government employees serving without compensation (WOCs), and full-time federal employees.

Details concerning the functions, organization, membership qualifications, and other aspects of the Reserves are being reevaluated both by DOE and the Federal Emergency Management Agency, which coordinates all NDER programs. It is DOE's intention to establish for each unit a structure that provides prudent flexibility of operation, and to enlist and train a cadre of reservists by the end of FY 1983.

Question: Would you describe the statutory authority for such Reserves?

Answer: Basic statutory authority arises from the Defense Production Act of 1950, (DPA) as amended, section 710(e), which provides for the President to establish and train "a nucleus executive reserve for employment in executive positions in Government during periods of emergency." Section 710(b), of the same Act, authorizes the President, "to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation..." A series of Executive Orders provide specific authorities for the three Emergency Executive Reserves. (The applicable Executive Orders are: E.O. 10647, E.O. 11179, E.O. 116;2 and E.O. 12038.)

Question: Was this approach approved by the Cabinet Council? If so, when? If not, will it be submitted to the Cabinet Council?

Answer: This approach to revitalizing the emergency executive reserve organizations by the DOE has not been submitted to the Cabinet Council. There are no present plans to do so since this is a continuation of an ongoing program.

Question: Would you please supply copies of relevant background documents that would set forth the schedule and scope of these activities?

Answer: The following items are herewith submitted:

--Executive Order 10647--Providing for the Appointment of Certain Persons Under the Defense Production Act of 1950, as Amended;

--Executive Order 11179--Providing for the National Defense Executive Reserve;

--Executive Order 11490--Assigning Emergency Preparedness Functions to Federal Departments and Agencies, as Amended (Excerpts);

--Executive Order 12038--Relating to Certain Functions Transferred to the Secretary of Energy by the Department of Energy Organization Act;

--Federal Preparedness Circular 24--Providing for the National Defense Executive Reserve, dated April 4, 1980, to which the NDER policies and procedures manual is attached.

Question: With regard to the above question, would you describe any additional statutory authority that might be required to effectuate revitalization of the Executive Manpower Reserves? In particular, would you address any additional statutory authority that would be required to facilitate participation in the Reserves by energy producers?

Answer: While there has not been a final judgment on this issue, it appears that effective use of the reserves by DOE would be assisted by new or amended legislation dealing with the subjects of conflict of interest, antitrust and, perhaps, advisory committees. Specific proposals dealing with the Defense Production Act, the Department of Energy Organization Act, and the U.S. Criminal Code, among others, are being examined by DOE with the Federal Emergency Management Agency (FEMA) and the Emergency Mobilization Preparedness Board (EMPB).

As noted in the response to the above question, Reserve units may employ persons serving in either of two capacities: National Defense Executive Reservists (NDERs) or as special government employees serving without compensation (WOCs). In either case, such persons' activities, and potentially their ability or willingness to serve, would be constrained by present conflict of interest statutes. There are two types of conflict of interest laws which currently apply to all NDERs and WOCs. The first are the criminal statutes, set forth in 18 U.S.C. sections 202-209; the second are the financial disclosure requirements of 5 U.S.C. sections 201-211.

The major criminal provision is 18 U.S.C. section 208 which imposes a fine of $10,000 and/or a prison term of as much as two years upon an employee, including a special employee of the federal government, who participates (including rendering advice) in a matter before the government in which he, his spouse, minor child, partner, an organization with whom he has an arrangement concerning employment, has a financial interest. Most WOCs are paid employees of their firms even while they are serving as special government employees; they therefore are prohibited by this provision from advising on matters in which their companies have a financial interest. Activated civilian NDERs face similar problems even if they assume salaried positions, as presumably they would have pension rights or arrangements to return to their former employers. This provision is the most significant constraint on the use of WOCs and NDERs during emergencies.

It arguably is possible for a WOC or an activated NDER to provide advice to federal officials or perform duties without violating the conflict of interest provisions and antitrust laws by avoiding participation in any decisions affecting a firm in which he holds a financial interest (including the firm employing him). However, as a practical matter it may be difficult to fully utilize the services of industry personnel during an energy crisis in a manner which assures such avoidance. Moreover, industry has shown itself to be extremely sensitive to the risks.

Lastly, the Federal Advisory Committee Act and other statutes, rules and regulations pertaining to advisory committees present problems in seeking and obtaining continuing or contingent ties to their former employers. could raise issues of applicability of such laws.

Supporting Defense Preparedness

Question: With regard to plans to support defense preparedness, would you describe in general terms those plans?

Answer: The Department of Energy has given the highest priority to establishing the means to ensure that our defense capability is not impaired through inadequate energy supplies.

Our strategy to achieve this purpose is to rely primarily on the marketplace to respond to national defense needs. Also, both private and government-owned stocks are effective in dealing with national security threats, and we are working to remove disincentives for private stockbuilding.

The Naval Petroleum Reserves are also producing at the maximum efficient rate and will sell the Government's share of production to the Department of Defense to help them establish secure sources of supply.

Several plans to provide specific support of defense preparedness are under development, including National Oil Board plans to support the U.S. commitment to the NATO Civil Emergency Planning Organization and the NATO Wartime Oil Organization. We are also developing plans to implement the Defense Production Act requirements to ensure energy supplies for defense needs. In addition, we are participating with the Department of Defense in planning and testing various programs, including the Military Traffic Management Command's Contingency Response Program, the Fuelex exercises which test emergency civilian-government cooperation and continuity of government

Question: Would you describe in detail plans to support the National Oil Board, including the United States commitment to the NATO Civil Emergency Planning Organization and the NATO Wartime Oil Organization?

Answer: The United States is obligated by NATO to respond to various peacetime and wartime conditions affecting members of the North Atlantic Treaty Organization (NATO). Within the NATO organization, the Petroleum Planning Committee (PPC) will develop plans to distribute available oil supplies among NATO members if there are supply shortages during crisis or war. A decision of the North Atlantic Council (NAC) would activate those plans.

The NATO Wartime Oil Organization (NWOO) is NATO's emergency petroleum organization and would implement plans activated by the NAC. Like the International Energy Agency (IEA), NWOO's international operations are highly dependent on the support of national emergency programs. NATO refers to national oil authorities such as National Oil Boards (NOB), analagous to the National Emergency Supply Organizations (NESO) of the IEA. When the NWOO is operational, NOB's provide the NWOO with information on oil requirements and available supplies, implement NATO's international oil supply program pursuant to national authority and act as the U.S. liaison agency for energy contacts with the NATO countries.

The Office of Energy Emergencies (EE) has established an intra-agency task force to coordinate development of the NOB operations manual containing the organizational and operating procedures required to meet our NATO commitment (with emphasis on NATO oil supply and distribution schemes). We expect to complete an interim manual by June, after which it will be circulated to an interagency group for comment. After the necessary changes, we hope to make an internal DOE test of this plan during August 1982. This DOE test will provide a basis to prepare for participation in a NATO-sponsored test early in 1983, which will require a simulation of the U.S. NOB operations.

Question: Would you describe in detail plans to implement the Defense Production Act Requirements to ensure energy supplies for defense needs?

Answer: The Plans Development and Testing Division, Office of Energy Contingency Planning is assembling an Interagency Task Group to prepare a comprehensive procedures manual to replace current regulations for allocating energy to the DOD under the DPA. This manual will be more comprehensive in scope than the current regulations and will identify the action offices, authorities, and the data needed for expeditious processing of DPA requests. In the meantime, requests for DPA assistance for priority energy requirements are received and expedited by DOE's Office of Energy Emergencies. Our primary course of action is to support DOD requests through persuasion and negotiation in the marketplace without actually invoking the DPA. We are aware, however, that these informal procedures will work when the need is only occasional. An energy emergency or defense mobilization will require a well defined course of action to deal with the large volume of requests expected under those circumstances. The inter-agency procedures manual will achieve this purpose.

Question: When was it decided to proceed with these activities?

Answer: DPA planning with respect to energy has been a function of DOE since its inception. The establishment of the Office of Environmental Protection, Safety, and Emergency Preparedness (EP) brought this program into focus, however, and provided a better opportunity for addressing planning issues.

With regard to NATO, DOE has had an ongoing interaction with the various NATO organizations. For the most part, this includes attending NATO-sponsored training sessions and meetings of NATO's Petroleum Planning Committee. EP along with IA, is now very active in such work.

Question: Were these activities approved by the Cabinet Council? If so, when? If not, will they be submitted to the Cabinet Council?

Answer: The continuing program of working with the DOD to improve the DPA procedure has not, to our knowledge, been formally presented to the Cabinet Council. Certain of these matters are, however, now being reviewed by several principal working groups of the Emergency Mobilization Preparedness Board, charged with preparing policy statements on national security.

Question: Would you please supply copies of relevant background documents that would set forth the schedule and scope of these activities?

Answer: The following documents are being provided to the Committee:

--Workplan exhibiting the interrelationship of the various DPA activities and proposed milestones and completion dates for specific projects.

--"Conceptual System Design and Methodology for the DOE Petroleum Supplier Allocation System" produced for DOE by Science Management Corporation--Federal Systems, May 8, 1981.

--Memorandum, "Defense Production Act (DPA): Summary of DOE Responsibilities and Potential Tasks"--For Ronald L. Winkler, DAS/EE, January 21, 1982. (Includes Department of Transportation Emergency Organization, "Emergency Procedures for Claiming Supporting Resources for Civil Transportation" DOT Standby Order DOT 1940.1A May 1, 1972.)

--Memorandum, "Update of the Briefing Memorandum--Defense Production Act (DPA): Summary of DPA Responsibility and Potential Tasks; January 21, 1982" for Ronald L. Winkler, DAS/EE, March 12, 1982.

--Memorandum of Agreement with the Department of Commerce, 38 F.R. 30896, November 8, 1973.

--Activity Summaries and Workplan for NATO Planning Activites.

Question: Describe in detail the Administration's program regarding assessing the vulnerability to terrorism and sabotage of the SPR, the Naval Petroleum and Oil Shale Reserves, the electric utility network, pipelines and other parts of the U.S. energy system.

Answer: The DOE Office of Energy Emergencies has a program to assess the National vulnerability to disruptions of the supply of electric power, natural gas or petroleum that occurs from acts of sabotage or terrorism against the systems that produce and deliver these energy forms. The first priority in these efforts concerns disruption of the energy supplies to installations critical to national defense, such as might result from sabotage by foreign agents during mobilization or combat. The second priority concerns threats to the general economy or to public safety, such as might be associated with terrorist attacks against energy facilities.

The program involves separate studies of each of the three energy systems, plus a number of joint investigations on subjects common to all three studies.

The joint investigations include the following subjects:

- o Intelligence estimates regarding the threat
- o Institutional responsibilities for dealing with major sabotage problems, before and after the event
- o Critical defense facilities that may be sensitive to external energy supply interruption
- o Current sabotage techniques

The three separate energy system vulnerability studies are at different stages of development.

The Electric Power System Study has been underway since late 1981. It is being conducted by DOE staff without contract support but with the cooperation of several offices within the Defense Department and a number of electric utilities. The effort is currently limited to sabotage directed at U.S. military effectiveness, but may later be expanded to address attacks designed to serve terrorist objectives. The approach has been to study power-consuming installations nominated by DOD as highly critical to military effectiveness and served by a single electric utility system. Each case study involves analysis of (1) alternative ways of disrupting the external power supply to the defense facility, through multiple simultaneous sabotage attacks; and (2) the consequences of power disruptions of various durations on the operation of the defense facility and, ultimately, on the combat effectiveness of military forces.

A classified report on the electric power vulnerability study is anticipated for late 1982. The detailed schedules will depend on the results of an ongoing effort to develop an integrated, long-range plan for vulnerability assessments.

The Natural Gas System Study is still preliminary--we are gathering information at this time. The question of whether to focus first on defense-critical gas customers, rather than analyzing the impacts of pipeline sabotage on the general economy, has not yet been resolved. The study will involve close cooperation with the gas industry and will include a detailed examination of at least one major pipeline and at least one of the major distribution systems it serves, to determine the consequences of various levels of sabotage.

The Petroleum System Study is in the early planning stages. The study will examine the overall system for producing, refining, storing, piping, or transporting by other means, crude oil and petroleum products, with special attention on vulnerabilities of facilities external to the SPR installations that could impair effective use of the SPR. We are developing a detailed study plan and schedule. (Moreover, the DOE Strategic Petroleum Reserve Office has recently sponsored a detailed study of the vulnerability of the SPR facilities.)

Conducting Tests

Question: With regard to the planning for and testing of various energy emergency programs, would you describe the programs involved?

Answer: The Department's test program assures regular tests of contingency programs (including continuity of government, IEA preparedness, civil emergencies and military traffic) as part of DOE's quality control. This, in turn, assures continually maintained readiness: optimum use of the externally sponsored exercises, and maximum coordination among DOE program offices, and other agencies.

Exercises in which DOE participates with outside agencies, include those sponsored by the Federal Emergency Management Agency (FEMA) called REX; the North Atlantic Treaty Organization (NATO); International Energy Agency (IEA) called AST-4; and other exercises with Department of Defense. DOE is planning several of its own exercises, including tests of the Strategic Petroleum Reserve. Exercises sponsored by any one agency generally occur every other year. In the aggregate, there is an active program, with various exercises by the various participating agencies several times a year.

The programs tested involve varied scenarios and authorities. REX and NATO involve wartime and mobilization-related scenarios. IEA concerns mainly peacetime and civil emergencies such as an embargo. SPR could be involved in either. REX, NATO and IEA involve resource management, such as priority assignment or claimancy. Many of the ad-hoc exercises with

DOD, such as COREX, also involve claimancy and related procedures.

Question: Would you describe in detail the results of the tests of the Continuity of Government Plan?

Answer: In conjunction with REX-82, DOE conducted a short test at its site C, March 4 and 5, 1982. Exercise teams at both sites C and B (the FEMA special facility) were drawn from the following DOE offices: DP, NE, MA, GC, PE, PA, EIA, AND ERA.

The site B objective was to improve plans and preparedness for Continuity of Government (COG) and civil mobilization. The objectives of site C test were to test the adequacy of all DOE offices to operate essential functions during a severe national emergency, and permit all participants to gain further understanding of COG plans and concepts. From this standpoint, the exercises succeeded. They brought together representatives of DOE offices and other agencies and demonstrated their ability to work together to solve problems under adverse conditions. It also demonstrated that collectively such teams can provide useful recommendations to the President.

Question: Would you describe in detail plans for the testing of IEA preparednesss for energy emergencies, civil emergencies, and military traffic?

Answer:

IEA Emergency Preparedness

Periodically the IEA Secretariat, with IEA members and the Reporting Companies (i.e., oil companies which participate directly in IEA activities and have signed the voluntary agreement on the International Energy Program), test the IEA Emergency Sharing System to assess its operating effectiveness, to train persons in operating the system, and to evaluate the ability of IEA nations to respond to disruptions, including the effects of domestic response measures on the international sharing system. These exercises are known as Allocation System Tests (AST).

Plans for testing the IEA's emergency sharing system (AST-4) are under development, and will eventually be embodied in an AST-4 Test Guide. Completion must, of course, await final decisions by the IEA regarding the objectives and scope of AST-4. An IEA AST-4 Design Group, chaired the U.S. State Department, is considering such issues. Other IEA members, Reporting Companies and the IEA Secretariat are represented in the Design Group, which by late June expects to make recommendations to the IEA Standing Group on Emergency Questions, which will make a decision.

On this basis, we expect that a draft AST-4 Exercise Guide for DOE participation should be ready sometime during the fall of 1982. We expect this Exercise Guide to cover objectives, scope, responsibilities, scenarios, communications, data processing, public affairs, security, reports, control, evaluation, funding, and administration.

Civil Emergencies

Domestic civil emergency plans are tested in the biennial series of exercises called REX, sponsored by the Federal Emergency Management Agency in coordination with Department of Defense (Joint Chiefs of Staff) command post exercises.

The object of the FEMA exercises, is to improve plans and preparedness for Continuity of Government and civil mobilization.

REX-82 consists of two one-week exercises subtitled ALPHA and BRAVO. ALPHA exercises involve a general war scenario during and around the period of an immediate attack. Participation is at the Special Facility of the FEMA. BRAVO involves industrial mobilization considerably before a war and is played at regular duty stations. These exercises, conducted by FEMA, are part of a biennial series among the Federal Civil Agencies in conjunction with Joint Chiefs of Staff Command post exercises.

These exercises permit participation by responsible staff. Suggestions for improved energy crisis management also emerge. Several reports prepared for the exercises include exercise, control and evaluation plans and after-action reports. The after-action report on ALPHA, which took place March 1-5 this year, was completed in April and is classified. Dates for BRAVO have not yet been determined and will be classified.

In addition, we are preparing for an upcoming NATO test called WINTEX-CIMEX. All NATO members are expected to participate.

DOE has liaison with the following organizations: (1) the Petroleum Planning Committee (PPC) which will develop plans to distribute available oil supplies among NATO members if there are supply shortages during crisis or war and (2) the NATO Wartime Oil Organization (NWOO) NATO's emergency petroleum organization.

As part of the National Oil Board (NOB) Operations Manual project (discussed in 15.b.), we have planned for a DOE test of the NOB in August 1982. This will result in a detailed test guide in late 1982.

WINTEX-CIMEX will take place in February 1983. It will permit the U.S. to staff its NOB round-the-clock. The objectives include testing the oil crisis management procedures and the interface between NOB and NWOO, and NOB and NATO executive boards. Several reports, to be prepared for the test, will include exercise, control and evaluation plans and an after-action report.

Military Traffic

COREX-81 (Contingency Response) was conducted by the Military Traffic Management Command of the U.S. Army. Its object was to test military traffic management during mobilization, specifically it tested procedures in passenger movement oriented and trained new CORE team members, and reaffirmed established procedures in the freight industry for defense contingencies during mobilization. DOE participated in these exercise as an observer.

Question: Would you describe in detail plans to test the Strategic Petroleum Reserve drawdown management process?

Answer: A Phase "B" test of the Strategic Petroleum Reserve (SPR) will be part of the preparation of the SPR Distribution Manual. Tests of the SPR have three phases and several levels. Phase A refers to physical drawdown tests which demonstrate the integrity and capacity of the equipment and sites. We have already had two successful tests. Phase B covers management, administration and non-physical procedures. Phase C combines both A and B types.

Tests may also be conducted at several levels: a single site (such as Bryan Mound), a group of sites (such as the Capline Group) or at all of the sites. The test currently planned will cover management, policy and administrative procedures for the entire SPR. It will simulate two procurement cycles, equivalent of about two months' sales.

This test will permit responsible staff to participate in a simulated crisis. It will also validate the procedures being developed in the SPR Distribution Management Manual. We will prepare several reports, including exercise, control and evaluation plans, and an after-action report. The exercise is scheduled for no earlier than September of 1982. We intend to issue test plans in the summer of 1982 and an after-action report in the winter.

Question: Would you please supply copies of relevant background documents that would set forth the schedule and scope of these activities?

Answer: We are providing the following:

- Continuity of Government Plan

  DOE's Exercise Plan

- Military Traffic Management Test

  COREX After Action Report

- SPR

  The Distribution Management Manual

Land Condemnation

Question: You are essentially completed with Phase I of Storage Facilities Development with the exception of some pending litigation concerning SPR site land condemnations. Can you briefly describe the status and potential costs to the government of this litigation and then, for the record, provide detailed information concerning each ongoing case?

Answer: Bryan Mound and West Hackberry (Phase I) have been paid in full. Condemnation proceedings involving the other Strategic Petroleum Reserve sites have not reached a stage where reasonably accurate figures for the deficiencies, or the dates the amounts of these deficiencies will be known, can be forecast. There are currently four cases in various stages of litigation. They are Bayou Choctaw, Bryan Mound sulfur interests, Sulphur Mines and West Hackberry Phase II. Based on the status to date, we believe that the United States government's additional liability for all four cases will be less than $20,000,000.

Phase II Development

Question: Under Phase II development, work will continue at the West Hackberry, Bryan Mound and Bayou Choctaw sites. Precisely what work will be completed during FY 1983 at the $48.8 million level? Am I correct that you still expect to request some 90 million, 600 thousand dollars in the coming fiscal years to reach your total Phase II cost projection of slightly over $701 million? When do you project Phase II will be completed?

Answer: During FY 1983, Phase II development will consist of cavern leaching operations at all three sites with simultaneous oil fill at Bryan Mound and West Hackberry. Almost half of the $48.8 million will be consumed in electrical power costs; the balance will provide for site operations, maintenance, leaching services, and brine disposal monitoring.

The Phase II cost estimate of $702 million which was established in 1979 remains unchanged. Approximately 80% of these funds have been appropriated by Congress. The remaining $92,364 million have been programmed to be incrementally funded in annual budget authority installments through FY 1986. The Phase II development is proceeding on schedule and will be completed in 1987.

Phase III Costs

Question: You have indicated on page 61 of your justification that under Phase II the per-barrel of capacity costs amounted to some $2.42. Under Phase III that per-barrel of capacity cost has risen to $5.26, an increase of 54%. Why have these per-barrel costs risen so dramatically?

Answer: The cost per barrel information on page 61 of the justification is in nominal or budget year dollars, which includes the projected effects of inflation. When comparing Phase III costs on a constant dollar base (excluding escalation effects), the new site, Big Hill, compares favorably with our historical Phase I site acquisitions and the expansion sites will actually cost somewhat less on a per-barrel basis than Phase II.

The cost data cited by Mr. Harry A. Jones during the April 24, 1981, hearing in response to Senator McClure's questions were in constant 1981 dollars, excluding inflation effects. However, on page 6 of Mr. Jones' formal statement, he included the nominal dollar cost estimates for Phase II of $2.42 barrel and Phase III of $4.87 per barrel. The current estimate for Phase III of $5.26 per barrel shows an increase of eight percent which is largely attributable to the inflation effects of the one-year delay in the Big Hill development.

Safety and Security Criteria

Question: On page 63 of the justification you mention that "current agency criteria for safety and security are more stringent than industrial standards." Please explain for the Committee the ways these criteria are more stringent. Why are more stringent criteria necessary? Do these more stringent criteria add to the overall cost of the project? If so, how much?

Answer: The Strategic Petroleum Reserve follows Department of Energy safety and fire protection criteria, which are generally the most restrictive requirements contained in Nationally organized codes and standards such as; the National Electrical Code, the National Fire Protection Association, the American Petroleum Institute, Underwriters, Incorporated, the Uniform Building Code, as well as nationally recognized insurance companies recommended standards. For example, the Strategic Petroleum Reserve, along with all Department of Energy projects, constructs facilities to reach a level of fire protection that would qualify them for "Improved Risk" coverage offered by insurance companies such as Factory Mutual Engineering Corporation and Industrial Risk Insurers. Private industry is only compelled to follow laws and local building codes. We believe our standards are realistic and are necessary to assure accomplishment of the Strategic Petroleum Reserve's mission. Initial construction costs are slightly higher than that of industry. However, project life cycle costs are lower due to property and personnel loss experiences which are well below that of industry. Hence, we believe that in the long-term there is very little cost increase.

The Strategic Petroleum Reserve's security requirements are more stringent than industry's in regard to physical protection of its facilities. Due to the national security nature of the Strategic Petroleum Reserve and the multi-billion dollar value of the stored assets, requirements for physical protection are necessary to deal with outside threats which industry does not normally face, such as sabotage, espionage, or subversion.

Consulting and Contracting Services

Question: Last year you were asked to provide for the record a detailed list of all expenses relating to consulting and contracting services, including the names of the organizations providing the service, cost of contracts, and exactly what each contract requires. Please do the same again this year.

Answer:

CONTRACTOR	FY 1983 BUDGET AUTHORITY CONTRACTOR REQUIREMENTS	FY 1983 B.A. IN MILLIONS
Program Direction:		
TBD	Support services, administration support, medical services, and security services of offices	$ 1.0
	Subtotal, Program Direction	$ 1.0
Oil Acquisition and Transportation		
TBD	Pipeline repair equipment and inhibitor/customs duties and tariffs	$ 5.9
Seaway	Terminalling	6.1
Sunoco	Terminalling	2.7
POSSI	Operation of St. James Terminal	5.1
Pemex	Oil Acquisition	630.0
TBD	Oil Acquisition	1,424.3
	Subtotal, Oil Acquisition and Transportation	$2,074.1
Storage Facilities Development:		
Wells Fargo	Security Guards and Equipment	$ 5.0
Possi	Operations and maintenance services at all SPR sites	67.4
GSA	Electric utilities	9.2
Texas A&M	Off-shore brine monitoring	1.1
Thacker	Facilities construction	31.5
Corps of Engineers	Land acquisition and administration	6.6
TBD	Facilities and pipeline design	15.8
TBD	Systems engineering integration	6.6
TBD	Drilling management services	2.8
Sandia Labs	Geotechnical studies and analysis	2.0
TBD	Mechanical long-lead equipment	9.2
TBD	Facilities construction	24.5
TBD	Long-lead equipment	39.4
TBD	Instrumentation	1.3
	Subtotal, Storage Facilities Development	$222.4

Contractor	Contracting Requirements	FY 83 Budget Authority in Millions
	Planning	
Analysis of Program Criteria		
PLT Engineering	Life Cycle Cost Engineering/Modeling For reliability in cost estimating	$ .2
TBD	Operations Model Applications for Logistics Support - Provide for models application for port and terminal simulation, refining capacity, drawdown capability of operations data for the Strategic Petroleum Reserve system and terminalling facilities	.2

TBD	Oil Acquisition Strategy Analysis - Market analysis of price, supply, demand and other factors available from government and private sources	.3
TBD	Logistics Support Analysis - To evaluate system effectiveness and upgrade performance	.3*
TBD	Analysis of Financing Alternatives To assess the overall configuration of SPR	.2
TBD	Analysis of SPR Size - To update actual and forecasted changes in energy variables.	.2
	Subtotal	$ 1.4

Program and Environmental Planning

IAA-NOAA	Brine Monitoring Data Analysis - Assessment of brine discharge and environmental monitoring	$ .5
TBD	Environmental Monitoring and Assessment of Local Environment - Environmental reporting program as required	.1
	Subtotal	$ .6

Management Information and Control

TBD	Logistics Information and Reporting System Development and Operations - For data collection, analysis, software system enhancement, and hardware upgrades	$ .1
TBD	Use Planning and Contingency Management Analysis - Analysis of alternatives for the drawdown, use, and pricing of oil	.2
TBD	Program Control/Evaluation System Enhancement - To provide an objective managerial, financial, and technical expertise to ensure effective management of the program	.2*
TBD	Data System Support - ADP support	.8
TBD	Project Enhancement/Implementation of Control and Accountability Systems - Provide data processing support, schedule planning, and schedule status reporting	.5
OAO Corp ($1.9) TBD (.9)	Planning and Analysis for Project Control and Configuration Management - To provide management support and information system to Project Management Office in New Orleans, La.	2.8
	Subtotal	$ 4.6

Other Planning

TBD	Physical and Chemical Characterization of Crude Oils and Crude Oil Mixtures - For tests and research of crude oil and crude oil mixtures	$ .3
TBD	Safety and Health Planning and Analysis - To Develop and implement comprehensive audits	.1*

TBD	Value Engineering Studies and Validation of Hydraulics Model - Identification of alternatives for reducing construction and development cost for sites and hydraulic model analysis	.1
TBD	Drawdown Capability Model Enhancements Provides enhancement to the drawdown capability model to utilize maximum potential	.1
TBD	Operational Readiness Testing Program To develop and implement a detailed test plan	.1*
TBD	Enhancement and Implementation of Cost and Accountability Systems - To gather necessary data to support implementation and status of additional projects within schedule and cost limits	.7
	Subtotal	$ 1.4
	Total Planning	$ 8.0
GRAND TOTAL		$2,305.5

*Defined as consulting services.

Staffing Support

Question: Finally, also for the record, please provide a detailed list of the Strategic Petroleum Reserve's use of existing staffing of other Federal agencies through interagency agreements. Include the positions each is filling and the costs associated with each.

Answer: The following is a list of the Strategic Petroleum Reserve's use of existing staffing of other Federal agencies through interagency agreements. Cost estimates generally include both direct salary costs and associated costs including annual leave, travel, and the like.

o Department of Defense (DOD)

- U. S. Army Corps of Engineers (COE): The Strategic Petroleum Reserve receive COE support from the New Orleans and Galveston Districts. The COE performs the function of the Strategic Petroleum Reserve real estate agent. The effort utilizes nineteen (19) man-years at an estimated cost of $1,082,098.

- Defense Fuel Supply Center (DFSC): The DFSC provides oil testing, sampling and accountability services for the Strategic Petroleum Reserve. This effort utilizes 45,500 man-hours annually at an estimated total annual cost of $1,228,500.

- Defense Contract Administration Services (DCAS): The DCAS performs quality and reliability source inspection of Strategic Petroleum Reserve hardware at manufacturing plants. DCAS personnel also provide hardware inspection at seven Strategic Petroleum Reserve locations before acceptance of a hardware order and construction begins. This effort utilizes ten (10) man-years at an estimated total annual cost of $561,600.

- Defense Contract Audit Agency (DCAA): The DCAA provides contract audit services to the Department of Energy, Strategic Petroleum Reserve. These services include the auditing of contract cost (direct and indirect) and providing accounting and advisory services in connection with the negotiation, administration and settlement of contracts and subcontracts. This effort utilizes 28,560 man-hours annually for an estimated total annual cost of $771,120.

- o Department of Commerce (DOC)

- National Oceanic and Atmospheric Administration (NOAA): The Strategic Petroleum Reserve receives scientific and engineering services for a wide range of environmental support activities to assess the impacts of brine discharge from the Strategic Petroleum Reserve storage facilities in Louisiana and Texas into the Gulf of Mexico. This effort utilizes twelve (12) man-years of effort at an estimated cost of $341,500.

SUBCOMMITTEE RECESS

Senator SCHMITT. The subcommittee will stand recessed until Thursday, April 15, when we will take testimony from Members of Congress concerning the fiscal year 1983 budget, and review the 1983 budget for land and water conservation funds.

Thank you.

Mr. VAUGHAN. Thank you.

[Whereupon, at 9:58 a.m., Wednesday, March 31, the subcommittee was recessed, to reconvene on Thursday, April 15.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, APRIL 15, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:15 a.m., in room 1318, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure and Burdick.

CONGRESSIONAL WITNESS

STATEMENT OF HON. DAVID F. DURENBERGER, U.S. SENATOR FROM MINNESOTA

Senator MCCLURE. The committee will come to order. This is the time for the subcommittee to receive testimony from Members of Congress and to review the administration's 1983 proposals for the Land and Water Conservation Fund.

Senator DURENBERGER. Mr. Chairman, thank you very much. I enjoyed the opportunity to sit here this morning, and I wasn't thinking about whether I could represent both Rudy and myself, but back to the day when I represented people at the other end of the eminent domain process. And if I had known what I know now that I'm at this end of it, it probably would have been a more delightful experience than it actually was.

But it was a very interesting conversation. I envy you your job. I would be delighted some day, if the opportunity ever presented itself, to get as involved as you are in the extremely vital issue of trying to maximize the use of public resources with the least amount of public expense.

But today we are back for the fourth time, running to talk to you about boundary waters canoe area, Public Law 94-495 and your vital role, Mr. Chairman, and those of the subcommittee and the committee in honoring your commitment that was made by a lot of people, people in the State of Minnesota.

PREPARED STATEMENT

I am submitting formal testimony on behalf of myself and Senator Boschwitz, who was detained this morning at another hearing and was unable to be here in person. So I would appreciate it if the full statement would be made part of the record, together with whatever attachments.

Senator McClure. They will be made a part of the record.

[The statement follows:]

STATEMENT OF SENATORS DAVE DURENBERGER AND RUDY BOSCHWITZ

MR. CHAIRMAN: THIS IS THE FOURTH TIME WE HAVE APPEARED BEFORE THE INTERIOR APPROPRIATIONS SUBCOMMITTEE REGARDING FUNDING PROVIDED UNDER THE BOUNDARY WATERS CANOE AREA WILDERNESS ACT OF 1978, PUBLIC LAW 95-495. WE WANT TO EXPRESS OUR THANKS TO THE CHAIRMAN AND TO THE COMMITTEE FOR THE THOUGHTFUL AND FAVORABLE CONSIDERATION OF OUR REQUEST FOR THE REQUIRED FUNDING UNDER THIS ACT.

SINCE PASSAGE OF THE BOUNDARY WATERS CANOE AREA WILDERNESS ACT, CONGRESS HAS MOVED ON TO THOUSANDS OF NEW ISSUES. MANY OF THE SENATORS WHO VOTED ON THE INITIAL LEGISLATION ARE NO LONGER MEMBERS OF THE UNITED STATES SENATE.

FOR MANY OF THE PEOPLE OF NORTHEASTERN MINNESOTA, THOUGH, THE 1978 LAW REMAINS VERY MUCH A PART OF THEIR DAY-TO-DAY LIVES. THE 1978 LAW, AND ESPECIALLY THE POLITICAL PROCESS THAT LED TO THAT LAW, CREATED A GOOD DEAL OF BITTERNESS BETWEEN THE PEOPLE OF NORTHEASTERN MINNESOTA AND THE FEDERAL GOVERNMENT.

SENATOR BOSCHWITZ AND I IN THE SENATE AND CONGRESSMAN JIM OBERSTAR IN THE HOUSE HAVE WORKED HARD TO ASSURE FUNDING OF THE BOUNDARY WATERS CANOE AREA ACT IN EACH OF THE LAST THREE YEARS. WE CAN ASSURE YOU THAT WE WILL WORK EQUALLY HARD THIS YEAR. THE FUNDS APPROPRIATED HAVE BEEN WISELY SPENT. THEY HAVE BEEN USED TO INITIATE NECESSARY PROGRAMS AND THEY HAVE DONE MUCH TO RESTORE THE CONFIDENCE OF THE PEOPLE OF NORTHEASTERN MINNESOTA IN THE FEDERAL GOVERNMENT.

THE RESPONSE OF THE PEOPLE AND BUSINESSES IN MINNESOTA HAS BEEN TERRIFIC. A LOT OF WORK HAS BEEN DONE ON THE INTENSIFIED FOREST MANAGEMENT PROGRAM AT BOTH THE FEDERAL AND STATE LEVEL. THE FINAL YEAR OF THE AUTHORIZED THREE YEAR PROGRAM TO MODIFY THE IMPACT OF THE FEDERAL ACTION ON THE PEOPLE OF NORTHEASTERN MINNESOTA IS ALMOST COMPLETED. THE POSITIVE RESULTS OF THAT PROGRAM WILL EXTEND FAR INTO THE FUTURE.

THE FUNDING WE ASK FOR TODAY IS PART OF A 10 YEAR COMMITMENT TO THE PEOPLE OF NORTHEASTERN MINNESOTA. THIS MONEY WILL HELP MANAGE AND MAINTAIN THE BOUNDARY WATERS AND WILL PROVIDE THE NEEDED ASSISTANCE TO NORTHERN MINNESOTA BUSINESSES AND COMMUNITIES THAT HAVE BEEN HURT BY THE BOUNDARY WATERS CANOE AREA WILDERNESS ACT OF 1978.

THE FOLLOWING AMOUNTS ARE INCLUDED IN THE ADMINISTRATION'S 1983 BUDGET REQUEST. THESE LEVELS OF FUNDING FOR THE ACT ARE APPROPRIATE AND HAVE THE SUPPORT OF THE MINNESOTA CONGRESSIONAL DELEGATION.

PUBLIC LAW 95-495; BOUNDARY WATERS CANOE AREA FUNDING:
(1983 FUNDING--$ AMOUNT IN THOUSANDS)

RESEARCH	$325
STATE AND PRIVATE FORESTRY	$3,000
NFS	
* REFORESTATION/TIMBER STAND IMPROVEMENT	$874
* RECREATION	$377
* ROAD MAINTENANCE	$962
* LLL	$107
C&LA	
*CAMPGROUNDS/TRAILS	$215
*ROAD CONSTRUCTION	$2,825
TOTAL	$8,685,000

WE ARE PARTICULARY PLEASED THAT SECTION 6 (c) (2)--THE STATES GRANT PROGRAM, WAS INCLUDED IN THE PRESIDENT'S BUDGET REQUEST. THIS FUNDING IS VITALLY IMPORTANT TO MINNESOTA.

HOWEVER, THERE IS ONE CRITICAL OMISSION UNDER THE ADMINISTRATIONS FISCAL YEAR 1983 BUDGET REQUEST WHICH WE STRONGLY URGE BE REINSTATED: $3.164 MILLION IS NEEDED UNDER THE RESORT BUYOUT, SECTION 5(A) OF THE BOUNDARY WATERS CANOE AREA WILDERNESS ACT. (P.L. 95-495)

THIS SECTION CLEARLY STATES THAT THE FEDERAL GOVERNMENT IS REQUIRED TO BUY A RESORT RIPARIAN TO PARTICULAR LAKES WITHIN THE BOUNDARIES OF THE BOUNDARY WATER CANOE AREA WILDERNESS ACT IF THE RESORT OWNER REQUESTS TO SELL.

Section 5(a) states: "The owner of a resort commerical operation during 1975, 1976 or 1977 and located on land riparian to any of the lakes listed below may require purchase of that resort, including land and holdings appurtenant therto, by written notice to the Secretary prior to September 30, 1985."

Section 5(a) is funded through the Land and Water Conservation Fund (LWCF). The Administration has proposed $7.563 million in the FY'83 budget for the Forest Service land acquisition program to provide for emergency purposes and court awards. Of that amount $736,000 is earmarked for the BWCAWA. When the 95th Congress passed the Boundary Waters Canoe Area Wilderness Act they authorized the purchased of resorts because of anticipated economic hardships that would result because of the Act. Following is the detail of the additional funds needed for FY'83 to satisfy the requirements of Section 5(a):

SECTION 5 - P.L. 95-495 (FY 1983)

1 - Resort Purchase requests on hand	- (5)	Estimated Cost -	$1,275,000
2 - Anticipated buyout requests	- (4)	Estimated Cost -	$1,450,000
TOTAL	9		$2,725,000
3 - Relocation Costs (Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970			$ 159,000
4 - Administrative Costs			$ 100,000
			$2,984,000

PRIVATE LANDS INSIDE BWCA

3 OWNERS HAVE ASKED TO HAVE THEIR LAND PURCHASED	ESTIMATED COST $180,000
TOTAL ESTIMATED COST	$3,164,000

Because of limited funds available to the Forest Service under the administrations proposed budget, we are requesting that an additional $3.164 million be appropriated to the Forest Service portion of the Land and Water Conservation Fund earmarked for Section 5(a) of P.L. 95-495.

We feel strongly that the federal government has a legal obligation and responsibility to meet these purchase committments. The provisions for the act are the basis for the agreement on P.L. 95-495 and must be funded.

We are pleased the Committee has agreed with this view over the last three years and urge your favorable consideration of this request again this year. The provision is in effect for a five year period - through September of 1985 - and it is important that it be implemented in a timely manner.

The tatal funding for the BWCAWA with the addition of $3.164 million for the Resort Buyout Provision is $11.9 million about the same level of funding received under the BWCAWA the past three years.

We want to bring the following issues to the Committee's attention.

THE SUPERIOR/CHIPPEWA FOREST BUDGET LEVELS FOR FY'83

WE WANT TO NOTE THE CHANGE IN EMPHASIS REFLECTED IN THE FOREST SERVICE BUDGET FOR FY'83 FROM FY'82 IN THE REDUCTION OF ALMOST $2 MILLION BUDGETED FOR REFORESTATION AND TIMBER STAND IMPROVEMENT. HOWEVER, THE OVERALL BUDGET LEVELS ARE ABOUT THE SAME AND SINCE WE HAVE ONLY HAD THE FOREST SERVICE BUDGET AVAILABLE FOR A SHORT TIME WE WANT TO RESERVE JUDGEMENT ON THE DESIRABILITY OF THE CHANGE IN FOCUS FOR FY'83.

FUNDING FOR SECTION 19(A)

A REVIEW OF THE ADMINISTRATION'S BUDGET INDICATES THAT NO FUNDS FOR SECTION 19(A) - ASSISTANCE TO RESORTS AND OUTFITTERS - HAVE BEEN INCLUDED. THERE IS AN ESTIMATED SHORTFALL OF $95,000 FOR FY'82. IN THE COMING MONTHS, FIGURES WILL BE DEVELOPED FOR SECTION 19(A) NEEDS IN FY 1983. WE WOULD ANTICIPATE THAT THIS AMOUNT WOULD BE SUBSTANTIALLY LESS THAN THE FUNDS APPROPRIATED IN FY'82.

PROPOSED FUNDING UNDER SECTION 18 OF P.L. 95-495

THE DISABLED VETERANS RECREATION, INC. ORGANIZATION IS DEVELOPING A PROPOSAL WHICH HAS STRONG STATE, AND LOCAL SUPPORT FOR WHICH IT APPEARS AUTHORITY IS PROVIDED UNDER SECTION 18 OF P.L. 95-495. THE THRUST OF THE PROPCSAL IS TO PROVIDE A WILDERNESS RECREATION EXPERIENCE FOR DISABLED VETERANS IN THE BWCA. THE NON-PROFIT ORGANIZATION IS PROPOSING TO UTILIZE RESORTS PURCHASED BY THE FOREST SERVICE IN THE PROJECT. AN IMPORTANAT COMPONENT OF THE PROGRAM WOULD BE FACILITATION USE OF THE BWCA BY DISABLED VETERANS FROM ALL PARTS OF THE COUNTRY.

ANY FEDERAL FUNDS FOR THIS PROGRAM WOULD BE UTILIZED TO DEVELOP FACILITIES THAT ARE ALREADY FEDERALLY OWNED.

WHEN THE PROJECT PROPOSAL IS COMPLETE WE WILL FORWARD IT TO THE COMMITTEE FOR CONSIDERATION.

CHAIRMAN McCLURE, WE WANT TO COMMEND YOU FOR YOUR CONTINUED SUPPORT OF THE FUNDAMENTAL CONCEPT THAT THE FEDERAL GOVERNMENT HONOR ITS LEGAL OBLIGATION TO ITS CITIZENS. WE URGE THE COMMITTEE TO SUPPORT THE ADMINISTRATION'S FY'83 BUDGET REQUEST UNDER P.L. 95-495 WITH THE ADDITION OF $3.164 MILLION IN RESORT BUYOUT FUNDS. THANK YOU FOR THIS OPPORTUNITY TO PRESENT OUR VIEWS ON THIS ISSUE WHICH IS OF DEEP CONCERN TO THE CITIZENS OF MINNESOTA AND PARTICULARLY THOSE IN THE ECONOMICALLY HARD PRESSED NORTHEAST PORTION OF THE STATE.

Senator DURENBERGER. Mr. Chairman, as I've indicated, this is the fourth time we have appeared before the Appropriations Subcommittee regarding funding provided under Public Law 95–495. Since the passage of the Boundary Waters and Canoe Area Wilderness Act, Congress has moved on to several hundred new issues. Many of the Senators who voted on the initial legislation are no longer Members of the U.S. Senate. And for many of the people in northeastern Minnesota, though, the 1978 law is a very, very important part of their day-to-day lives.

The 1978 law, and especially the political process that led to that law, created a good deal of bitterness between the people of northeastern Minnesota and the Federal Government. I might say that bitterness still exists, and it may be why, in a broader sense, some Members of the U.S. Senate are no longer here.

But Senator Boschwitz and I in the Senate, and Congressman Jim Oberstar in the House of Representatives, have been working very hard in the last 4 years to assure funding of the Boundary Water and Canoe Area Act in each of those last 3 years. And we can assure you that we will work equally hard this year, and for the next 6 years, or whatever it takes to fulfill those commitments.

We can assure you also that, with the help of the Forest Service and a lot of other people, that those funds that have been appropriated in the past have been very, very wisely spent. That includes expenditures made by the State of Minnesota. They have been used to initiate necessary programs and they have done much to restore the confidence of the people of northeastern Minnesota in Government.

The response of the people and the businesses in Minnesota has been terrific. A lot of work has been done on the intensified forest management program at both the Federal and State level. The final year of the authorized 3-year program to modify the impact of the Federal action on the people and the economy of northeastern Minnesota is almost completed, and I think positive results of that program will extend far into the future.

The funding that we ask for today is part of a 10-year commitment to the people of northeastern Minnesota. The money will provide, or will help to manage and maintain the boundary waters. It will provide the needed assistance to northern Minnesota businesses and communities that have been demonstrably hurt by the Boundary Waters and Canoe Area Wilderness Act.

Mr. Chairman, I would like to conclude with just probably two or three special observations about the proposal. One relates to the Superior/Chippewa forest budget level for fiscal year 1983. I would like to note the change in emphasis reflected in the Forest Service budget for fiscal year 1983 from fiscal year 1982 in reducing almost $2 million budgeted for reforestation and timber stands improvement.

However, the overall budget levels are about the same. And since we have only had a very short period of time to look at the Forest Service proposal, both of us would like to reserve judgment on the desirability of the change recommended by the Forest Service in focusing on fiscal year 1983.

The second item is funding for section 19–A. A review of the administration's budget indicates that no funds for section 19–A, assistance to resorts and outfitters, have been included. There is an estimated shortfall of $95,000 for fiscal year 1982. In the coming months, figures we hope will be developed for section 19–A needs during fiscal year 1983, and we would anticipate that this amount would be substantially less than the funds appropriated in fiscal year 1982.

But again, we will try to assist the subcommittee in providing more accurate data on section 19–A.

The last matter is the matter of informing the subcommittee of a proposal that is engendering perhaps as much positive enthusiasm for Federal action as some of the negative enthusiasm that was generated years ago in the act, and that is a proposal by Disabled Veterans' Recreation, Inc., an organization which is developing a proposal which has strong State and local support for authority, under section 18 of Public Law 95–495, to provide a wilderness recreation experience for disabled veterans in the BWCA.

The nonprofit organization is proposing to utilize a resort or resorts purchased by the Forest Service in this project. An important component of this program would be facilitation use of the BWCA by disabled veterans from all parts of the United States of America of this unique national resource.

Any Federal funds for this program would be utilized to develop facility that are already federally owned. When the project proposal is complete, we will forward it to the subcommittee for consideration.

Mr. Chairman, let me just conclude by commending you for your interest, your concern, your continued support for the fundamental concept that the Federal Government honor its legal obligations to the citizens of this country. We urge the committee to support the administration's fiscal year 1983 budget requests.

And I had better say that for the first time in 4 years, the administration has come in here and said the law is the law, the commitment is the commitment, here are the recommendations. And it is awfully nice, in light of many things you were saying earlier, to be able to thank the administration and the people who are here today on their behalf for not cutting way back as previous administrations have.

So I thank you and I thank them for your consideration.

Senator McClure. Thank you, Senator Durenberger.

In case the written record doesn't reflect—oftentimes it does not reflect the full scope of activities—I can assure anyone who is interested of the number of contacts you have had with me and my staff with respect to these matters. There isn't any doubt in my mind that people are well-served by your diligence in pursuing this.

Of course I would say the same of Senator Boschwitz. Because Rudy is not a quiet person, he is sometimes noisy on this subject, among others. We will be pursuing the question of whether or not there is sufficient funding to meet the requirements of the bill.

I certainly do agree with the statement that you have made, that the law is the law, a commitment is a commitment. Administrations are bound to comply with the law as written until the law is changed.

And I, too, share the feeling that you have expressed. It's nice to see somebody in Secretary Arnett's seat who is trying to follow the law, trying to meet those commitments.

The only questions that I will have of the administration in this area is whether the figures are right, and we will explore that a little further with them at the appropriate time.

Senator Durenberger. Thank you, Mr. Chairman.

And thank you, Secretary, for letting me use your time.

PREPARED STATEMENTS

Senator McClure. I have received statements from various Members of Congress which will be inserted in the record at this point.

[The statements follow:]

STATEMENT OF SENATOR ALAN CRANSTON

Mr. Chairman, I'm pleased to have this opportunity to comment on one item in the fiscal year 1983 Interior and Related Agencies appropriations bill—the Land and Water Conservation Fund. This fund since its inception in 1965 has provided moneys for acquisition of Federal parks, refuges, and forests, perserving significant natural resources and affording numerous recreation opportunities for the public. The LWCF has also provided important grant assistance to the States for parkland acquisition and recreational planning. I firmly believe that we should continue appropriations from the LWCF to complete Federal acquisition of authorized units of the national park system and help States meet outdoor recreation needs, especially in urban areas. Thus, I would like to urge the subcommittee to approve for fiscal year 1983 an adequate level of funding for the LWCF—$398 million as recommended by the National Parks and Conservation Association and other conservation organizations. Most importantly, I want to urge the subcommittee to approve at least $20 million for the Federal land acquisition program at the Santa Monica Mountains National Recreation Area in California.

As you will recall, the Santa Monica Mountains National Recreation Area was established in 1978. Since then Congress has appropriated $41,828,921 for land acquisition in the mountains. To date, the National Park Service has spent $38,055,000 for the purchase of 6,023 acres, that is 25 percent of the $155 million authorization to acquire 15 percent of the 40,000 acres contemplated for the NRA.

Last month the Office of the Inspector General of the Department of the Interior issued a report on the National Park Service's land acquisition policies at the Santa Monica Mountains which noted that the current authorized funding is not adequate to establish a viable national recreation area. The IG report recommended that the authorization for the Santa Monica Mountains be increased immediately or that the national recreation area be deauthorized. I can assure you that I would vigorously oppose any effort to deauthorize this unit of the national park system. Regarding the proposal to increase the authorization ceiling, such action is necessary at the present time inasmuch as there is still $113.2 million remaining in the authorization.

Moreover, I believe that we can still put together a recreation area with high scenic, natural, and recreational values within the amount authorized if Congress appropriates the dollars now. Certainly the best way to keep down the land acquisition costs in the Santa Monica Mountains—which is one of the most rapidly appreciating areas in the Nation—is to proceed with the land acquisition program as quickly as possible.

The National Park Service could easily use $20 million in fiscal year 1983 for the Santa Monica Mountains. At the present time, the Park Service is appraising six properties (Staber, Wayne, Philips, Vegader, Ajato Corp., and McDonald) involving a total of 1,250 acres estimated at $3,580,000. The Park Service is also updating an old appraisal on 280 acres owned by the Quaker Corp. and estimated at $1,750,000 to $2 million. In addition, the Park Service is negotiating conservation easements on three parcels (Security Pacific, Tela, and Smith) estimated at $550,000. Completion of these acquisitions—all involving willing sellers and lands contiguous to areas already in park ownership—would cost the Federal Government around $6,080,000, well in excess of the $3.7 million the National Park Service has remaining of its fiscal year 1982 moneys for the Santa Monica Mountains. Thus, at least one of these acquisitions will have to be deferred until fiscal year 1983 because of a shortfall of funds.

There are many other properties which the Park Service is keenly interested in acquiring for the Santa Monica Mountains, including Temescal, Currey/Riach, Satterle, and Whizen among others. These parcels encompassing nearly 800 acres would cost about $17 million based on old estimates which will have to be updated to reflect today's values.

There is no question that to have an adequate land acquisition program in fiscal year 1983, the Park Service could effectively use $20 million. Mr. Chairman, I urge you to include at least $20 million for the Santa Monica Mountains National Recreation Area in the fiscal year 1983 Interior and Related Agencies appropriation bill so that this outstandingly beautiful coastal and mountain area will indeed be preserved as part of the national park system.

STATEMENT OF SENATOR BARRY M. GOLDWATER, JR.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE, I AM PLEASED TO HAVE THE OPPORTUNITY OF ONCE AGAIN TESTIFYING BEFORE YOU IN SUPPORT OF FUNDING FOR THE SANTA MONICA MOUNTAINS NATIONAL RECREATION AREA.

EVEN BUDGET CONSIDERATIONS DO NOT REDUCE THE RIGHTFUL NEED TO PROTECT OUR NATURAL RESOURCES AND MEET THE REQUIREMENT OF PUBLIC HEALTH AND WELFARE FOR OUR URBAN POPULATION. WE CANNOT NEGLECT THE NEED TO PROVIDE PARKS, RECREATION OR OPEN SPACE FOR OUR PEOPLE.

THE OLD WAYS OF TRYING TO PROTECT OUR URBAN OPEN SPACES BY SIMPLY BUYING THEM WILL NOT WORK --- PRACTICALLY OR ECONOMICALLY. FACING BUDGET RESTRICTIONS, WE NEED A NEW, CREATIVE APPROACH TO SOLVE THE OLD PROBLEMS OF PROTECTING OUR RESOURCES AND THE ENVIRONMENT.

I HAVE MADE A COMMITMENT TO SECURE OPEN SPACE FOR THE CITIZENS OF SOUTHERN CALIFORNIA. THE SANTA MONICA MOUNTAINS ARE IN MY CONGRESSIONAL DISTRICT. I INTRODUCED ONE OF THE FIRST BILLS TO ACQUIRE LAND FOR THE PEOPLE OF THIS AREA IN 1971. THE CONGRESS AUTHORIZED AND ESTABLISHED THIS URBAN PARK IN 1978.

MR. CHAIRMAN, I AM COMMITTED TO PROTECTING OUR NATURAL RESOURCES, OUR ENVIRONMENT, AND THE HEALTH AND WELFARE OF OUR PEOPLE, AS WELL AS ECONOMIC STABILITY.

HOW DO WE ACHIEVE BOTH?

LAST YEAR WHEN I TESTIFIED BEFORE THE SUBCOMMITTEE ON PUBLIC LANDS AND NATIONAL PARKS, I PROPOSED A PLAN OF ALTERNATIVE TOOLS THAT WILL MEET BOTH OBJECTIVES. SOME OF THESE TOOLS NOW EXIST. SOME HAVE BEEN TRIED ON A SMALLER SCALE BEFORE AND HAVE BEEN SUCCESSFUL. SOME MAY REQUIRE NEW ENABLING LEGISLATION, BUT THEY ALL REQUIRE A COMMITMENT TO INNOVATION AND TO AGGRESSIVELY PURSUE THE POSSIBLE INSTEAD OF WASTING ENERGY FIGHTING OVER THE IMPROBABLE.

THE BASIS OF THIS CONCEPT IS THE FEDERAL GOVERNMENT, ACTING AS A CATALYST, TO BRING TOGETHER STATE AND LOCAL GOVERNMENTS, AND PRIVATE PROPERTY OWNERS AND CITIZEN VOLUNTEERS TO EXPAND THE IDEA OF URBAN PARKS BEYOND THE BORDERS OF SIMPLE ACQUISITION.

SOME OF THESE ALTERNATIVE TOOLS, SUCH AS THE CONSERVATION EASEMENT, ARE BEING USED IN THE SMMNRA NOW BY THE NATIONAL PARK SERVICE.

MR. CHAIRMAN, THESE ALTERNATIVE TOOLS ARE COMPATIBLE WITH DIRECT FEDERAL ACQUISITION. WORKING TOGETHER, I'M SURE WE CAN ADD ADDITIONAL IDEAS.

THE PRESIDENT'S PROPOSAL TO "ZERO OUT" ALL FUNDING FOR 1982 IS UNREASONABLE. THERE IS A MIDDLE GROUND. THERE IS AN ALTERNATIVE. THERE ARE COMPATIBLE TOOLS, IF PROPERLY USED, THAT CAN SUBSTITUTE FOR HARD DOLLARS.

COOPERATION AND A WILLINGNESS TO TRY NEW APPROACHES THROUGH A COORDINATED EFFORT ON MANY FRONTS AND ON MANY LEVELS CAN ANSWER THE NEED FOR OPEN SPACES EVEN IN THE FACE OF BUDGET LIMITATIONS.

I'D ALSO LIKE TO TESTIFY ON BEHALF OF NEEDED FUNDING FOR THE CALIFORNIA CONDOR RECOVERY PROGRAM, AND THE FIRESCOPE PROGRAM.

I HAVE LONG BEEN CONCERNED ABOUT THE POSSIBLE EXTINCTION OF THE CALIFORNIA CONDOR. THE CALIFORNIA CONDOR IS THE LARGEST FLYING BIRD IN NORTH AMERICA, YET ONLY ABOUT THIRTY OF THESE MAGNIFICENT BIRDS ARE KNOWN TO EXIST. THEIR FEW NUMBERS HAVE RESULTED FROM THE RAVAGES OF MODERN SOCIETY, AS WELL AS THEIR OWN LIMITED BREEDING HABITS.

SINCE 1975, A PLAN OF ACTION HAS BEEN EVOLVING TO PROTECT THE CONDOR, BUT FUNDS WERE NECESSARY TO IMPLEMENT THE PROGRAM. FOR SEVERAL YEARS, MYSELF AND SEVERAL CONCERNED COLLEAGUES HAVE BEEN SUCCESSFUL IN GETTING FUNDS FOR THE CALIFORNIA CONDOR RECOVERY PROGRAM.

I BELIEVE THE CALIFORNIA CONDOR RECOVERY PROGRAM IS A WISE DECISION; WE SIMPLY NEED TO KNOW MORE ABOUT THE CONDOR IN ORDER TO SAVE IT. THE THIRTY-FIVE YEAR, ONE MILLION DOLLAR PROGRAM IS SUBJECT TO STRONG OVERSIGHT RESTRICTIONS. THE U.S. FISH AND WILDLIFE SERVICE'S PROGRAM CANNOT DEFINITELY ENSURE THE CALIFORNIA CONDOR'S SURVIVAL BECAUSE THE CONDOR MAY BE PAST THE POINT OF SAVING, BUT I FIRMLY BELIEVE THAT MAN MUST TAKE REMEDIAL ACTION ACCORDING TO THE MOST APPROPRIATE PLANS CURRENTLY AVAILABLE OR WE WILL HAVE LOST THE PRECIOUS OPPORTUNITY TO SAVE THE CALIFORNIA CONDOR.

I URGE THIS SUBCOMMITTEE TO APPROVE AN ADDITIONAL $250,000 FOR RODENTICIDE STUDIES, RADIO-TELEMETRY SYSTEM DATA COMPILATION, AIRCRAFT OPERATIONS, NEST WATCHING AND CENSUSING ACTIVITIES, FIELD EQUIPMENT, TRANSMITTERS, RECEIVERS, VEHICLES AND SOME FUNDS FOR FIELD ASSISTANTS AND A HABITAT SPECIALIST.

FOR YEARS I HAVE SUPPORTED FUNDING FOR THE FIRESCOPE PROGRAM. THIS COST EFFECTIVE PROGRAM HAS BEEN GREATLY RESPONSIBLE FOR KEEPING POTENTIALLY CRITICAL AND COSTLY FIRES IN CHECK. THIS PROGRAM, NOW IN ITS SIXTH YEAR, IS BASED ON APPLYING COMPUTER CAPABILITY AND ADVANCED TECHNOLOGY TO THE FIRE PROBLEM. THIS PROGRAM MAXIMIZES THE COLLECTIVE FIREFIGHTING CAPABILITIES OF LOCAL, STATE AND FEDERAL FIRE SERVICES ON LARGE, MULTI-JURISDICTIONAL FIRES. THE FIRESCOPE PROGRAM IS DIRECTLY RESPONSIBLE FOR A PROJECTED ANNUAL SAVINGS OF $6 MILLION IN DIRECT SUPPRESSION COSTS, FOR A BENEFIT/COST RATIO OF MORE THAN 2:1.

TO TERMINATE THIS PROMISING PROGRAM WHEN SO MUCH EFFORT AND FUNDS HAVE BEEN INVESTED, AND BEFORE ITS FULL FIREFIGHTING POTENTIAL HAS BEEN ACHIEVED, IS FALSE ECONOMY.

I URGE YOUR SUPPORT OF THE RECENT HOUSE AGRICULTURE COMMITTEE ACTION RECOMMENDING $2 MILLION BE MADE AVAILABLE FOR CONTINUATION OF THIS WORK.

THANK YOU FOR MY OPPORTUNITY TO TESTIFY BEFORE YOU TODAY.

STATEMENT OF REPRESENTATIVE ANTHONY C. BEILENSON

Mr. Chairman, I appreciate the opportunity to testify before your subcommittee in support of funding for the Santa Monica Mountains National Recreation Area (NRA).

For the second year in a row, the Administration has requested no funding at all for land acquisition in the Santa Monica Mountains. Interior Secretary James Watt has repeatedly stated his view that we should stop purchasing land until we start taking care of what we already have. However, in the case of the Santa Monica Mountains NRA, delaying purchase of the land means losing the park. The National Park Service (NPS) is competing with well financed developers in that area for the parcels of land which are both the most desirable for residential development and the most suitable for recreational use--land which it is essential for the Park Service to acquire to establish a core area of fully protected resources.

When Congress authorized $155 million for the Santa Monicas park in 1978, the timetable for acquisition was intentionally designed so that large amounts of money would be spent quickly, rather than stretched out over a long period of time, precisely because much of the most desirable land is rapidly appreciating and is under strong development pressures. Out of that $155 million which Congress authorized to be spent through FY 83, only $41 million has been appropriated thus far. That relatively small amount has made it possible for the Park Service to acquire some key areas and begin operating programs in the mountains, but the progress made in establishing the park is far from what could have been made by now. And unless substantial amounts of funding are forthcoming--along the lines of the $20 million recommended by the National Parks and Conservation Association--some of the more desirable parcels will be lost to residential and commercial development. The end result will be much different from the full-scale National Recreation Area envisioned when the park was authorized.

The Reagan Administration's cuts are harming all of the newer, less-than-complete units of the national park system, but the Santa Monica Mountains NRA is being particularly hard hit. Last year, as you may recall, Congress allowed only a small portion of the Administration's proposed rescission of FY 81 land acquisition funds. But the Interior Department applied that rescission to its own priority list, on which the Santa Monica Mountains NRA ranked close to the bottom. The result was that the Santa Monicas had to absorb 96% of the entire rescission, a reduction of $14.2 million from the amount the Park Service had originally intended to spend there.

The funding reductions imposed on the Santa Monica Mountains NRA are particularly counterproductive when the potential use of that park is considered. Because it is located in the midst of a large and rapidly growing population, in one of the most park-deficient metropolitan areas in the country, the Santa Monica Mountains NRA has the potential to be the most frequently visited unit of the national park system. In fact, even though the park is still in its infancy, its visitor usage statistics are impressive. In 1981 alone, an estimated seven million people visited areas in the Santa

Monicas that have been acquired by NPS. More people visited the small area of parkland there last year than visited Yosemite, Grand Canyon, and Yellowstone National Parks combined.

Even without the large land base needed to fulfill the plans for the creation of the NRA, the Park Service has conducted a variety of outdoor education programs in co-operation with numerous local and state agencies and community organizations. Those programs include a recreation transit program, bringing over 40,000 transit-dependent people to the park; environmental education programs serving more than 8,000 youths and 26,000 school children; and an outreach program bringing 7,500 disabled persons to the park. The Santa Monica Mountains NRA has provided, and will continue to provide if funds are forthcoming, outdoor educational and recreational opportunities for millions who would otherwise never be able to visit a national park.

The Park Service has done an excellent job of operating and maintaining NPS lands in the Santa Monicas, but some of the newly acquired areas are in serious need of improvements to eliminate hazardous conditions there. Needed repairs include rehabilitation of water and sewer systems, fire and safety corrections in public buildings, reconstruction of roads that are now unsafe, and pollution and erosion control. Unfortunately, the President's FY 83 budget request contains neither an increase to the park's operating base for recurring maintenance of newly acquired park lands nor any Park Restoration and Improvement Program funds. I would hope that monies in both of those catagories could be added for the Santa Monicas, as a relatively small amount would provide for significant physical improvements there.

Another factor to consider in your decision about funding for the Santa Monica Mountains NRA, aside from the park's potential for visitor usage, is that, ironically, the cost to the taxpayers may be higher if the land in the Santa Monicas is developed than if it is purchased as a park. Because fires, floods, and mudslides occur regularly in the mountains, federal disaster aid to the area will greatly increase as the land is developed and an increasing number of homeowners become the victims of these natural disasters. Wise use of our limited federal funds therefore suggests that we choose funding the park over development, and that we purchase the land as quickly as possible before its cost increases further and the land becomes prohibitively expensive.

Pressure to reduce funding for discretionary programs has probably never been so great as it is today. But for the Santa Monicas, as for many other worthwhile programs under your jurisdiction, there are no real alternatives to federal funding.

STATEMENT OF REPRESENTATIVE ROMANO L. MAZZOLI

In behalf of the residents of Kentucky's Third Congressional District, I would like to express my support for continued funding for the Land and Water Conservation Fund under the Interior Department.

For many years, the Land and Water Conservation Fund has provided funding for Louisville and Jefferson County -- on a 50-50 matching basis -- for land acquisition and capital improvements for recreation purposes.

Parks are an integral part of the local scene in the Louisville area. Most of Louisville's neighborhoods are centered around parks -- and indeed, as in Shawnee and Cherokee neighborhoods, share names with nearby parks.

These parks are used by citizens from all walks -- and incomes -- of life. And, there has been a sharp increase in park usage over the past year as the cost of gasoline has increased. A recent survey confirmed that more Louisvillians are spending vacations in the area instead of traveling. The demand on these local facilities will continue to increase -- probably at a higher rate than before.

Our parks continue to need major work that is outside local financial capabilities. The City and County can simply not afford to do it alone. Without the support of the Land and Water Conservation Fund, we will not be able to preserve some of the few remaining natural areas in this urban area to assure public access in the years to come.

I hope that the Subcommittee is able to recommend adequate funding for this worthwhile program which has done so much for the physical and mental health of our community. I'll be glad to provide any information you need.

Thank you very much.

DEPARTMENT OF THE INTERIOR

LAND AND WATER CONSERVATION FUND

STATEMENT OF G. RAY ARNETT, ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS

ACCOMPANIED BY RIC DAVIDGE, SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR FISH AND WILDLIFE AND PARKS

PREPARED STATEMENT

Senator McCLURE. We'll start with the Land and Water Conservation Fund's request for the four Federal agencies involved—the Bureau of Land Management, the Fish and Wildlife Service, the Forest Service, and the National Park Service—including the State Land and Water Conservation Fund program administered by the National Park Service.

I believe that Assistant Secretary Ray Arnett will present an opening statement, and he will be followed in turn by BLM, FWS, the Forest Service, and the National Park Service.

Because members of the subcommittee may want to pose specific questions at various times throughout the hearing, I would ask that each agency remain available throughout this session, although I understand, Secretary Arnett, that you have another commitment.

Mr. ARNETT. I do, Senator, at 10:30. But I'll be glad to stay until that time.

Senator McCLURE. Thank you very much.

We do welcome you before the committee. I believe it is your initial appearance before this subcommittee. We will, of course, insert your entire statement into the record at this point, along with your biographical statement.

[The statement follows:]

STATEMENT OF G. RAY ARNETT

Thank you for the opportunity to discuss the Administration's recommendations for the FY 1983 Budget for the Land and Water Conservation Fund.

Separate funding consistent with the FY 1982 appropriation has been requested in FY 1983. Each of the four federal agencies using the Land and Water Conservation Fund has developed its request for funds. The total Land and Water Conservation Fund requests amount to $69,374,000--$468,000 for the Bureau of Land Management; $1,567,000 for the Fish and Wildlife Service; $59,776,000 for the National Park Service; and $7,563,000 for the Forest Service. Therefore, I will defer the explanation of specific agency needs to each of the four federal agencies.

The majority of funds requested for FY 1983, or $59,124,000, are for the payment of court awards anticipated to mature in FY 1983, and to meet hardship and emergency acquisition needs that may arise, $998,000 for endangered species land acquisition, $126,000 for Pinelands National Reserve, and $9,126,000 to pay for staff costs associated with land acquisition/protection efforts.

The Administration has been working with Congress on a new effort to protect the natural and cultural resources of each federal unit and allow public use by acquiring only that interest necessary and by using other methods of acquisition such as exchanges. We have drafted a land protection policy and have tested its application at eight areas within the National Park System. All NPS units with nonfederal lands will initiate a redrafting of existing land acquisition plans to bring them in line with the new land protection policy and to seek funding in FY 1984 for those management units with completed and approved plans.

We believe that by using alternative protection strategies--acquisition of only that interest necessary, rather than fee acquisition, to protect the natural and cultural resources directed by Congress--we will be able to meet a greater portion of our mandated responsibilities in a shorter period of time and with a lower expenditure of public funds.

The Administration is not requesting funds for the State Assistance Program because of the need to reduce federal spending in Fiscal 1983 and in view of the large unexpended amount of $592 million at the beginning of this fiscal year.

The unexpended balance, consisting of funds obligated, but not yet reimbursed to the States, has decreased from $592 million at the beginning of Fiscal Year 1982 to $485 million by the end of March 1982. The estimated unexpended balance at the end of Fiscal Year 1982 would be approximately $350 million--a figure that in our opinion, in consideration of the President's objectives, warrants not seeking additional funding in Fiscal Year 1983.

Thank you for the opportunity to address this committee. Perhaps now it would be appropriate to ask the representatives of the four federal agencies participating in the Land and Water Conservation Fund to review with you the program needs that have been developed. Those individuals here today are Douglas R. Leisz, Associate Chief, Forest Service; Delmar Vail, Deputy Director for Land & Resources, Bureau of Land Management; Russell E. Dickenson, Director, National Park Service; and

Robert A. Jantzen, Director of the Fish and Wildlife Service. Before or after their presentation I would be pleased to answer any questions you might have.

BIOGRAPHY OF G. RAY ARNETT

G. Ray Arnett is an avid sportsman and outsdoorsman who has devoted much of his life to the conservation, preservation and enhancement of wildlife. As a geologist, he roamed America's wild country and foreign countries exploring for petroleum. Later he was appointed by Governor Ronald Reagan to head the California Department of Fish and Game, where he served with distinction for seven years. He has served as a director of the National Wildlife Federation for 17 years, and two terms as president, retiring from that position in 1978. He has been affiliated with numerous state and national conservation organizations. He was one of the founders, and currently serves as Chairman of the Board of the Wildlife Legislative Fund of America, and its companion organization, the Wildlife Conservation Fund of America.

PERSONAL DATA

office address - Department of the Interior
Office of the Secretary, Assistant Secretary for Fish and Wildlife and Parks
18th and C Streets, Room 3156
Washington, D.C. 20240
phone: 202-343-4416

birthdate and place - June 14, 1924; Quantico, Virginia

children - Charlene Louise Parkinson, daughter, age 31
G. R. "Chip" Arnett, Jr., son, age 29
Sharon Elaine Arnett, daughter, age 24
James Randall Arnett, son, age 17

grandchildren - G. R. Arnett III, age 2 yrs. 8 months

MILITARY SERVICE

1942-1946, U.S.M.C. Joined as a Private at outbreak of WW II, served in South and South Central Pacific theater of operations; received field commission and returned from overseas to Officer's Candidate School (University of Southern California V-12 Program); awarded 2nd Lieutenant commission; honorable discharge, 1946. USMCR 1946-1950; 1950-1952 recalled to active duty during the Korean Conflict. Honorable discharge, 1952; resigned Captain commission, 1952.

AFFILIATIONS

PROFESSIONAL:

California Department of Fish and Game, Director (1969-1975)
American Association of Petroleum Geologists, Reg. No. 1258
American Institute of Petroleum Geologists

PROFESSIONAL:

California Advisory Commission on Marine and Coastal Resources
California Board of Registration for Geologists, Reg. No. 1500
California Condor Advisory Committee
California Environmental Quality Study Council
California Marine Advisory Committee
California Institute of Marine Resources
California-Oregon Goose Lake Compact Commission
California State-Federal Interagency Group (Water Development)
California Wildlife Conservation Board
Colorado River Wildlife Council (7 states)

International Association of Fish and Wildlife Agencies
International Oceanographic Foundation
Pacific Flyway Council
Pacific Marine Fisheries Commission
The Wildlife Society
San Diego-La Jolla (CA) Underwater Park Advisory Committee
Society of Exploration Geophysicists
U.S. Department of Agriculture, Agricultural Conservation Practices Committee
U.S. Department of State Fishing Industry Advisory Committee
U.S. Department of State International North Pacific Fisheries Commission
U.S. Department of State International Trawl Fisheries Committee
Western Association of State Game and Fish Commissioners (13 states and 2 Canadian provinces)
Zoological Action Committee

CONSERVATION/SPORTSMEN ORGANIZATIONS

National Wildlife Federation; President, Vice President, Regional Director, Life Member
National Wildlife Federation Foundation. Board Member
Wildlife Conservation Fund of America, Chairman of the Board
Wildlife Legislative Fund of America, Chairman of the Board
Mzuri Safari Foundation, Conservation Projects Advisory Board Member
Game Conservation International, Director
Wilderness Leadership School, Board of Governors
World Wilderness Congress; President, International Committee
Kern Wildlife Federation, Director
Kern County (CA) Fish and Game Protective Association, Director
Californians for Conservation and Recreation, Director
California Wildlife Federation, Director-at-Large
Ducks Unlimited Advisory Board, Kern County (CA); member
California State Chamber of Commerce, Natural Resources Committee; member
International Order of St. Hubert, Knight Commander
National Rifle Association of America, Life member
California Rifle and Pistol Association, Life Member
National Rifle Association of America, Hunting and Conservation committee; member

CIVIC:

Bakersfield (CA) Police Department, Commissioner
Children's Home Society of California, Director
Kern County (CA) Taxpayers Association, Director
Kern County (CA) Cancer Society, Director
Kern County (CA) Tax Coordinating Council, Director
A.I.D. United Givers, Director
Trade Club of Greater Bakersfield (CA), Director
Kern County (CA) Y.M.C.A.; Chairman, Special Gifts
Kern County (CA) Council B.S.A.; Director and Organization Extension Chairman
Petroleum Club of Bakersfield (CA), President and Director
Greater Bakersfield (CA) Chamber of Commerce, President and Director
B.S.A., Sierra Council, Special Interest Exploring, Chairman
Junior Achievement of Bakersfield (CA), Board of Governors
R.M. Pyles Boy's Camp, Director
S.P.E.B.S.Q.S.A., Inc., Bakersfield (CA) Chapter, President

SOCIAL:

Free and Accepted Masons of California, Libertas Lodge No. 466
Ancient and Accepted Scottish Rite of Freemasonary, Bakersfield (CA) Consistory
A.A.O.N.M.S., Al Makikah Temple, Los Angeles (CA)
Royal Order of Jesters, Court No. 119
Kappa Sigma Fraternity, Delta Eta Chapter (University of Southern California)
University of Southern California Alumni Association, Life Member
Arkansas Traveler, State of Arkansas Governor Award
Honorary Okie, State of Oklahoma Governor Award
Kentucky Colonel, State of Kentucky Governor Award
Saints and Sinners
Silver Dollar Club

AWARDS, CITATIONS, HONOR SOCIETIES

Sigma Gamma Epsilon (Honorary Earth Science Fraternity)
Society of the Sigma XI (Honorary Research Fraternity)
Skull & Dagger, University of Southern California All Mens Honor Society
Boy Scounts of America, Eagle Scout
Sportsmen Council of Southern California Award of Merit
Izaak Walton League, California Division, Award of Merit
City of Bakersfield (CA), Proclamation "December 2, Ray Arnett Day"
City of Bakersfield (CA), Meritorious Service Award
County of Kern (CA), Sportsman Service Award
County of Sacramento (CA), Special Citation of Merit
California State Legislature, Resolution of Commendation
California Department of Fish and Game, 1967 Certificate of Appreciation
Bakersfield (CA) Chamber of Commerce, Outstanding Service Award
California Rifle & Pistol Association, Award of Merit
California Rifle & Pistol Association, Outstanding Public Service Award
California Wildlife Federation, 1975 Sportsman Conservationist of California

HOBBIES

Hunting, Fishing, Dog Training, Skin Diving, S.P.E.B.S.Q.S.A., Inc.

EDUCATION

Grade schools in Virginia and California
Graduate of Point Loma High School, San Diego, California
1941-1942 U.C.L.A., Basic Engineering
1945-1948 U.S.C., Undergraduate and Graduate School

BIOGRAPHY OF RIC DAVIDGE

EXPERIENCE

Special Assistant to the Assistant Secretary for Fish and Wildlife and Parks--April 1981 to Present. Principally responsible for National Park Service programs, Management by Objectives, and development of major national policies for land protection, historic preservation and recreation. Chairman of Department's Land Policy Group, Federal Representative on the New Jersey Pinelands Commission, Chairman of the Department's Task Force on Designation of Undeveloped Coastal Barriers. Secretary's representative on the President's Advisory Council for Historic Preservation, the National Trust for Historic Preservation, and other committees and commissions. Recognized expert on Federal land acquisition, application of Eminent Domain law and effects on private property rights and state and local governments.

Independent Lobbyist and Consultant, Washington, D.C.--March 1980 to April 1981. Served as Director of Governmental Affairs for the National Association of Property Owners, Managing Director for the National Inholders Association, and Program Director for the Institute of Human Rights Research. Private Consultant to several small property and home owner groups in Federal areas. Consultant on land issues to Republican ad hoc Congressional Caucuses and member of the Conservation and Sportsmen Committee to advise the President during the campaign. Outside consultant to the Transition Team for Interior and the White House on national land policy issues.

Assistant to Senator Ted Stevens, Washington, D.C.--August 1978 to March 1980. Responsible for special projects including a major investigation of national land acquisition policies and practices focused on Land and Water Conservation Fund agencies. Also responsible for CETA, Job Corps, CEDC, legislation on new federal areas outside Alaska, Tourism, DOJ Land Section. Routinely reviewed legislation, prepared public policy, developed briefs, prepared floor statements and speeches, and made voting recommendations to the Senator.

Leadership Positions with Statewide Education Organizations and the University of Alaska (UA) -- 1974 to 1978. Chief Executive, facilitator and lobbyist for Alaska Student Lobby, representing 40,000 students (1978). Member of UA Board of Regents by Gubernatorial appointment (1977-78). Chairman and member of UA Statewide Budget Review Committee (1975-77). President of UA Associated Students (1974-75).

Chairman, Commission on Public Transit, Fairbanks, AK--August 1975 to August 1976. Developed and implemented new comprehensive public transportation system for Fairbanks North Star Borough.

Government Intern, Pipeline Impact Information Office, Fairbanks, AK--September 1975 to January 1976. Researched and assessed socio-economic impacts of Alaska pipeline construction on the Fairbanks North Star Borough.

EDUCATION

MPA	Coursework completed, University of Alaska, Juneau, 1976-78
BA	Theater, minor in Music and Journalism, University of Alaska, Fairbanks, 1975

PERSONAL

Born March 20, 1946; wife, Nancy; sons, Richard and Patrick

Honorably discharged; US Army, 1969 (Flight Operations Specialist, ATC; Paramedic, Vietnam; Drill Instructor)

Former professional singer, dancer and actor director and choreographer (worked with Andy Williams, Bob Hope, Red Skelton, Johnny Mann, Ann-Margaret, Chris Noel and others).

INTRODUCTION OF ASSOCIATES

Senator McCLURE. If you would introduce your colleagues for us, you may then proceed as you wish with your prepared statement.

Mr. ARNETT. Thank you, Mr. Chairman. The gentleman to my left is my special assistant, Mr. Ric Davidge, whose primary responsibility in my shop is with park and land issues.

I do appreciate this opportunity to discuss the administration's recommendations for fiscal year 1983 budget for the Land and Water Conservation Fund.

As you know, separate funding consistent with the fiscal year 1982 appropriation has been requested for 1983. Each of the four Federal agencies using the Land and Water Conservation Fund has developed its request for funds, and the total Land and Water Conservation Fund requests amount to about $69,374,000, of which $468,000 is for the Bureau of Land Management, $1,567,000 for the Fish and Wildlife Services, $59,776,000 for the National Park Service, and $7,563,000 for the Forest Service.

Therefore I will defer the explanation of specific agency needs to each of the four Federal agencies which are present today.

The majority of the funds requested for fiscal year 1983, or $59,124,000, is for the payment of court awards anticipated to mature in 1983, and to meet hardship and emergency acquisition needs that may arise, $998,000 for endangered species land acquisition, $126,000 for Pinelands National Reserve, and $9,126,000 to pay for staff costs associated with land acquisition and protection efforts.

Now as you know, sir, the administration has been working with the Congress on a new effort to protect the natural and cultural resources of each Federal unit and to allow public use by acquiring only that interest necessary and by using methods other than fee for acquisition, such as exchanges.

We have drafted a land protection policy and have tested its application on eight areas within the national park system. All NPS units with non-Federal lands will initiate a redrafting of existing land acquisition plans to bring them in line with the new land protection policy and to seek funding in fiscal year 1984 for those management units with completed and approved plans.

We believe that by using these alternative protection strategies—that is the acquisition of only that interest necessary, rather than fee acquisition, to protect natural resources directed by Congress—we will be able to meet a greater proportion of our mandated responsibilities in a shorter period of time and with lower expenditure of public funds.

The administration is not requesting funds for the State assistance program because of the need to reduce Federal spending in fiscal 1983 and in view of the large unexpended amount of $592 million at the beginning of this fiscal year.

The unexpended balance, consisting of funds obligated but not yet reimbursed to the States, has decreased from $592 million at the beginning of fiscal year 1982, to $485 million by the end of March 1982. The estimated unexpended balance at the end of fiscal year 1982 would be approximately $350 million—a figure that, in our opinion, in consideration of the President's objectives, warrants not seeking additional funding in fiscal year 1983.

Sir, that covers my statement. I'll be happy to answer any questions that you may have of me of a policy nature. And we do have Delmar Vail, who is with the Bureau of Land Management, Doug Leisz, who is with the Forest Service, Russ Dickenson, Director of the National Park Service, and Bob Jantzen, Director of the Fish and Wildlife Service.

Those gentlemen are here to answer any questions that you may have specific to their program. And if I can be of further help to you, I shall do so.

Senator McClure. Thank you very much, Mr. Secretary. I do appreciate the statement you have given.

There are a couple of items that have been raised that I would like to confirm at this time.

As we understand your 1983 proposal, the administration intends to pay off existing or anticipated court awards before requesting additional funds for new acquisitions.

Mr. Arnett. Yes, sir.

Senator McClure. Is it the administration's position that all of the deficiencies or court awards that are estimated to come due in fiscal year 1983 are included in this request? Or, to put it another way, in your judgment, are there any land acquisition cases that will come due in fiscal year 1983 for which funds have not been appropriated in prior years or for which funds are not requested in fiscal year 1983?

Mr. Arnett. Well, we hope not, sir. We do have a listing, of which about 12 or 14 of the major Park Service units amount to about $51,600,000 in deficiencies for fiscal year 1983. We hope that will be able to take care of our deficiencies now. But we do run across items such as the Gulf Island National Seashore, where legislation came into effect in 1971 and Congress enacted the Gulf Island National Seashore. One of the islands in Gulf Islands was a small island, about 700 acres, that we had anticipated would cost around $330,000. By the time the courts awarded payments, it came to well over $6 million.

That's pretty hard to anticipate when the appraisals are that far off. And that deficiency has been hanging now for some 18 months, I believe, earning 14 percent interest. Those are the kinds of deficiencies we're trying to take care of.

Senator McClure. I'm not looking just at deficiencies; I'm also looking at the——

Mr. Arnett. Hardships?

Senator McClure. Well, the court calendars—the acquisition cases that either are maturing or may mature during 1983 for which money has been appropriated in the past, or for which money may need to be appropriated in this year. The court calendars have a way of fooling you. Sometimes the courts move more rapidly, sometimes they move more slowly.

But what I'm attempting to verify is that so far as you are able to anticipate, that all known cases with deficiencies that are estimated to come due in fiscal year 1983 are accounted for in the 1983 proposal.

Mr. Arnett. Well, that's true, sir. We have consulted with Justice on this, and to the best of our knowledge based upon the calendar of court cases that are before us, we do feel that what we have asked for is sufficient.

Senator McClure. If the courts move faster than in past years, and if court awards exceed those included in these proposals, will the administration attempt to meet those needs?

Mr. Arnett. Yes, sir.

Senator McClure. In what way?

Mr. Arnett. We may have to come back and ask for additional money if it gets that fast, but I can't anticipate the courts being that speedy. There has been no indication that the courts have changed their method of operation to that degree.

Senator McClure. So you're not anticipating that they're going to move more rapidly; if anything, it's more slowly, is that the case?

Mr. Arnett. I think so, sir.

Senator McClure. Well, there is some concern. And I wanted to probe for a moment to see whether or not that concern is being met adequately in your planning.

Mr. Arnett. We believe it has been. We have been very concerned with that, as you have. And it's very difficult, I'm sure you'll appreciate, not knowing how the courts are going to act. It's the best judgment that we could make, based on past experiences and by the close coordination we've had with Justice in trying to anticipate this possibility. As far as we can see, this should be sufficient for this year.

The figure I originally saw was in the neighborhood of $46 million. We've included a cushion above that in case there is some rapid action on the part of the courts.

Senator McClure. Have you updated the appraisals on matters that may have been pending for some time?

Mr. Arnett. Updated what, sir?

Senator McClure. The appraisals.

Mr. DAVIDGE. Mr. Chairman, we attempt to—particularly in the Park Service, as I understand—update the appraisals as we go through the process, just on a guesstimate basis. I'd defer that question to the Director of the Park Service specifically.

However, as I understand it, if we anticipate an award far beyond what the initial deposit was or the appraisal was, we would obligate against what we anticipate the award being. Obviously the payment is based on the date of taking and then on the appraisal as it's assessed at that time. But if we anticipate a court judgment, say, on a Friday, we would attempt to update those appraisals expeditiously so we would be ready to have them paid off.

Senator MCCLURE. Well, if there's a legislative taking, then it may well be tied up in court for some period of time before the final award is made.

Mr. ARNETT. Yes.

Senator MCCLURE. You, during that period of time, would recognize there is inflation in land values and sometimes the information that you give is better than you had at the time of the original appraisal. There could be instances in which you would know that the award is likely to be greater than the amount of the appraisal.

Mr. ARNETT. Yes, sir.

Senator MCCLURE. Is that reflected in your figures?

Mr. DAVIDGE. On the legislative taking, Mr. Chairman, the payment, the appraisal will be based on the date of taking.

Senator MCCLURE. I know the appraisal will be, but are your plans——

Mr. ARNETT. The court award might not match. A good example of that, sir, was when $330,000 was estimated for that one little island I told you about. When it went to court we reestimated the court award may come out at $3.7 million. But they even surprised us more and came out with, I think it was, $6.1 or $6.2 million.

So we do try to anticipate that, but we aren't as accurate as we should be, perhaps.

Senator MCCLURE. Well, I understand you can't always be accurate because once in a while the courts and the juries are more generous in their awards than any of us anticipate.

Mr. ARNETT. Yes, sir.

Senator MCCLURE. As a matter of fact, the appraisals have a pattern of being too low. And there are surprises.

Mr. ARNETT. In the Redwoods.

Senator MCCLURE. And people do get caught. But when there's a time lapse involved, as there oftentimes is, it seems to me that your appropriate requests should reflect your best thinking.

I'm not asking you to advise us on a project-by-project basis what you think the court might award, because I recognize that that might have some prejudice to the court proceeding. But at least you ought to have that reflected in the appropriation requests so that when the order is made you can pay it.

Mr. Arnett. Well, sir, I'm sure when you talk with Mr. Dickenson later on today, Director of the Park Service, he can fill you in on the specifics on a case-by-case basis.

Senator McClure. I will ask that question of him. And I know that he's here and he is listening; he's nodding his head. I'll give him this much prenotice—as I will of others as well in the Park Service involved—and that is whether or not the 1983 budget figures are based on the amount of the currently estimated award rather than the original appraisal.

Mr. Arnett. Russ, can you answer that?

Mr. Dickenson. It is.

Senator McClure. All right. Thank you.

In your statement you refer to the new "land protection policy" currently being developed and tested. Would you briefly summarize at this time the status of that effort and what major conclusions you have been able to draw from it?

Mr. Arnett. Mr. Chairman, we have been proposing this policy, or working on this policy, for well over a year now. And it was published in the Federal Register, volume 47, No. 53, dated March 18. We have had it out for public comment now just about a month. The comments we have received have been mostly verbal. As I remember, we've only received one written comment on the policy.

We've been in close coordination and consultation with Senator Wallop, who has expressed considerable interest in this effort. The policy itself is to use, to the maximum extent practical, cost effective alternatives to direct Federal purchase of private lands, and when acquisition is necessary, to acquire or retain only the minimum interest necessary to meet management objectives.

The policy advocates cooperation with landowners, other Federal agencies, State and local governments, and the private sector to manage lands for public use, to protect it for resource conservation, and, finally, to formulate, or revise as necessary, plans for land acquisition and resource use or protection to assure the sociocultural impacts are considered and that the most outstanding areas are adequately managed.

In other words, the whole thrust is to acquire only those lands that have great public interest, public need and public use, and to acquire those interests in a manner other than fee when at all possible, such as land exchanges and zoning or easements, things of that nature.

Senator McClure. I understand the thrust of the policy change. And I want to emphasize that I'm trying to find out how you're doing with that rather than question what you're doing, because in the statement you refer to it several times. In a paragraph relating to this subject you use the term "new."

Mr. Arnett. Yes.

Senator McClure. I think the emphasis is perhaps correctly stated to emphasize that it's a new policy, not new facts.

Mr. Arnett. That's true, sir.

Senator McClure. You haven't discovered anything really new in your application, have you?

Mr. ARNETT. It's been available, is perhaps the best way to say it, but it hasn't been implemented to the degree that it could. So the thrust from this administration has been to put more emphasis in that area than has been applied in the past. It has not always been used to that degree.

We did try this policy, this "different" policy—rather than the word "new"—on eight units of the national park system. We found that it worked quite well. There are some technicalities that need to be polished up and finetuned to use in the other units, but our thrust for the 1984 budget is to work within other park units, where we can, to implement this policy, more so than going for fee purchase.

Senator MCCLURE. I wonder if you would provide for the record, rather than taking the time to do it at this particular time, the results of your test.

Mr. ARNETT. Yes, sir.

Senator MCCLURE. Because I think what we're doing is you're now attempting to apply some rather well known and familiar concepts, but you're trying to apply them as the basis of a new policy. The concepts of local zoning, the use of exchanges, the acquisition of easements, the acquisition of less than fee title, all of those are matters that we've discussed for years around here. We haven't been able to get the previous administrations to try them.

Mr. ARNETT. Right.

Senator MCCLURE. You're trying them and I would like to see how it's working. If you can give us the result of the test applications in those eight areas and find out so we can tell for the record and make some judgments ourselves as to how well or how poorly it's working.

Mr. ARNETT. Yes, sir, we'll be happy to make that available to you.

[The information follows:]

BEST COPY AVAILABLE

Case Study Highlights

Attached is a brief synoposis of the case study effort. A more detailed executive summary expected to be completed in late July of 1982 will be sent to the Congress as soon as it is available.

Status

- Studies were completed on March 1 for the following areas:
  - Appalachian National Scenic Trail
  - Chattahoochee River National Recreation Area
  - Chaco Culture National Historical Park
  - Channel Islands National Park
  - Biscayne National Park
  - Koloko-Honokohau National Historical Park
  - Grand Teton-Jackson Hole - by request of Senator Wallop
  - Jean Lafitte National Historical Park and Preserve - by request of Senator Johnston

  - Comments received from NPS divisions, regions, and superintendents generally support study findings and recommendations.

  - Suggestions for a few technical corrections are being forwarded to study teams prior to reproduction of final reports.

  - Draft memos requesting action on study recommendations by NPS regions, directorate and divisions and Assistant Secretary, FWP, are being reviewed.

  - Contract with American Land Forum to prepare an executive summary is underway; draft expected by June 22, 1983.

General Overview

- The land protection techniques considered are essential to a basic level of park protection, not just a substitute for traditional approaches to land acquisition. Needs for resource protection do not stop at the park boundary and cannot be met just by buying land.

- Studies confirm that some federal acquisition of land in fee is essential.

- Studies identify a wide range of methods of acquisition without relying entirely on appropriations: exchange, donation, payments through OCS leasing, tax incentives, concession rights, etc.

- In certain areas, acquisition of partial interest in land may be appropriate and cost-effective. Advantages must be evaluated on a tract by tract basis.

- Improved cooperative relationships with State and local governments are necessary, and a real partnership requires serious commitments by both partners.

- Most regulatory programs cannot provide long term assurance of resource protection at NPS standards, but strengthened Federal, State, and local efforts can provide a significant level of interim protection for park resources.

- Many land managers do not currently have the expertise, staff, funds or time to participate fully in new approaches to park protection.

- Managers currently have no real incentives to try new approaches to protecting resources.

- Implementation of case study recommendations may produce substantial savings for management as well as acquisition, but they also may result in a higher quality of resource protection.

- Studies also reveal opportunity for improvements in NPS planning processes by coordinating GMP's and RMP's with plans for land protection.

- Study process has helped identify critical resources, priorities for protection, and practical ways of solving management problems.

Highlights of Specific Findings and Recommendations

Appalachian Trail

- Continue use of cooperative protection and management strategies, and volunteer conservation efforts.
- Continue offering landowners a choice of fee or easement.
- Undertake NPS analysis of cost-effectiveness of easements.
- Identify other areas where cooperative management can be used.
- Train and encourage lands staff to seek donations.
- Expand tax and recognition incentives to donate and sell.
- Improve coordination with land trusts.
- Purchase/sellback authorities should be expanded allowing a credit of revenue to the unit without further appropriation.
- Provide technical and planning assistance to local governments, including possible matching grants.
- Encourage local zoning of adjacent lands.
- Support H.R. 861, seeking amendment to allow NPS to purchase access to landlocked parcels of surplus land.

Biscayne National Park

- Proceed with acquisition of offshore keys as promptly as possible (about 55 acres).
- Strengthen cooperative relationship with regulatory agencies for interim protection of mainland shoreline (4,500 acres) and adjacent land (2,500 acres).
- Seek to expand the county's severable use rights program to land within and adjacent to the park.
- Assist the county in developing other ordinances to help protect the park, as recommended by the Biscayne Bay Management Plan.
- Request the state or county to establish a "park protection zone" for park resources.
- Encourage the state and county to use available bond revenues for acquisitions in the park.
- Establish a regional agency to coordinate regulatory authorities over shoreline development.
- Limit availability of Federal flood insurance for development on barrier islands.
- Require other federal or federally-assisted actions to be consistent with park protection plan.
- Provide additional tax incentives for donation, exchange and sales.
- Strengthen Section 404 permit requirements within and adjacent to the park.

BEST COPY AVAILABLE

BEST COPY AVAILABLE

Chattachoochee River NRA

- Strengthen commitments from State and local government.
- The authorized boundary could be changed to include more outstanding areas and delete some non-essential ones.
- Protection of adjacent lands is necessary to improve quality of park resources.
- Purchase and sell-back arrangements should be expanded allowing retention of revenue with unit appropriation.
- Easements should be used in conjunction with other techniques.
- Tax incentives for donation and sale should be expanded.
- Specific protection strategies identifying land needed for NPS mangement, land suitable for trade or exchanges, and land to be protected through other means must be identified on a tract by tract basis.
- A systematic cost-effectiveness evaluation of alternatives was used to identify a preferred approach -- this methodology could be used in other units and plans.

Chaco Culture National Historical Park

- Seek appropriations to cover costs of appraisals and other expenses needed to complete exchanges.
- Establish a task force on appraisal problems with mineral resources and time delays in exchanges.
- Need strong direction to continue interagency cooperation.
- Improve tax and other incentives for large mineral companies to consolidate holdings for exchanges.
- Continue efforts to cooperate with Navajo Tribe.
- Establish privately funded training, education and employment program to provide for tribal salvage, excavation and stabilization of archeological sites.

Grand Teton National Park

- Acquire rights of first refusal on selected properties, on willing seller basis.
- Recognize that some properties may be in private ownership for several generations, but long term goal is to acquire some interest in all lands, within the boundary, except for Kelly which should be classified as a developed area.
- Use Federal tax credits to encourage retention of private agricultural and other compatible uses.
- Continue to allow reservations of use.
- Establish a site review committee to assure inholding development is compatible with the park.
- Prepare a land use plan for Kelly, with standards for development to be enforced by NPS or the county.
- Establish a cooperative agreement with county commissioners on building permit reviews.
- Expand use of exchange, including multi-party transactions.
- Establish an interagency coordinating council for NPS, FS, FWS, BLM, and county and State agencies for the Jackson Hole - Grand Teton area.

- Improve coordination of federal exchange activities.
- Consider federal legislation on Jackson Hole Scenic Area or Area of National concern.

Channel Islands National Park

- Consider arrangement to allow OCS leasing royalities to be used as a component for land exchange.
- Possible offsetting of acquisition costs by offering concession rights.
- Streamline process for exchanges involving mainland tracts.
- Reach agreements with Coast Guard and Navy on management of land under their jurisdiction.

Jean Lafitte National Historical Park

In addition to federal acquisition, options considered include:

- Federal or parish regulation of activities in the park protection zone.
- Donation of conservation easements.
- Adjustments in boundary of the park protection zone to reflect natural drainage patterns.
- Delete some lands from park boundary.
- Purchase and sell-back with deed restrictions and retention of revenue in the unit.
- Shift boundary of "core" and "protection zone" to exclude developable land from the "core".

Kaloko-Honokohau National Historical Park

- Less than fee acquisition not acceptable to owners or resource management objectives.
- Boundary adjustment would not produce significant savings without adverse impacts.
- Exchange has been directed by Congress, but is extremely complex to effect.
- Efforts by study team and the Department identified additional sites for exchange and may be successful in overcoming obstacles.
- Exchange resolution in short time will require highest level attention.

BEST COPY AVAILABLE

REDIRECTING A POLICY

Senator McClure. In that regard—because it is a familiar set of principles, it is that, we have talked about them for years—it isn't simply a matter of redirecting a policy, although you and I would hope that this automatically applied, it isn't always.

Isn't it a matter also of re-education for the staff, redirection of staff energies, getting the staff to understand and to accept that as a policy?

Mr. Arnett. That's very true, sir. Director Dickenson has been involved in all of these deliberations and has been very instrumental in helping to develop this policy Through his good leadership we have every reason to believe that this will permeate down through the staff to redirect some of their proposed thinking.

We haven't run into too much opposition. There are some people that feel that there are other ways; such as it's quicker to buy everything. But in light of what we are trying to do in the long run, I feel we're getting good cooperation from members of the staff of the National Park Service.

Senator McClure. Mr. Secretary, I hope that's correct. I would be amazed if it's true.

Mr. Arnett. We hope it's correct and we're going to try to do our best to make it true.

Senator McClure. Have all of the National Park Service Unit Directors received copies of the GAO reports?

Mr. Arnett. Yes, sir. I did send out a memo to Director Dickenson some months ago, and requested that those be made available. It surprised me to learn that many of them did not know that those reports existed. So I did ask that the reports be done with all the units in all the regions, so that park superintendents were aware of what GAO reported. There were six reports, I believe.

Senator McClure. I think everyone of us could point to examples in the past where the attempt to direct ourselves in this direction was made. Somehow, it never got done. It always ended up being fee acquisition.

Mr. Arnett. Yes, sir.

Well, I believe there were six reports that I've been aware of that the GAO has referred to this. And all six of those reports, to the best of my knowledge, have been mailed out. I did ask that they be mailed to all of the park areas.

Senator McClure. Well, that's the purpose of my question, and part of the reason for asking for the report of how well it's working is to determine whether or not it is being applied at the acquisition level, not just the policy level.

Mr. Arnett. Yes, sir, I'm sure Director Dickenson can fill you in much more thoroughly on that.

Senator McClure. Mr. Secretary, I'm going to interrupt for just a moment so we can hear the testimony of our colleague from Minnesota. Senator Durenberger is here. I understand that Senator Boschwitz intended to be here this morning but is not able to do so. But Senator Durenberger, I believe, is prepared to speak for both of you.

Is that correct?

FEDERAL REAL PROPERTY EXECUTIVE ORDER

Senator McCLURE. Mr. Secretary, on February 25, 1982, the President signed Executive Order No. 12248, entitled "Federal Real Property." As we understand it, the Executive order sets the mechanism in place to support surplus land disposals, with the resulting income to be used to offset the Federal budget deficit. Those receipts are estimated to be $1.2 billion in 1983, and as much as $4 billion in 1984 and future years.

What can you tell us at this time about the implementation of the real property Executive order, such as: Is the Property Review Board staffed yet? What instructions have been issued to the land managing agencies? What receipts will be generated in 1983 from the four land managing agencies present this morning? Will it significantly change Government policies on land exhanges, either between Federal agencies for the purpose of consolidating ownership or with third parties for similar reasons? Will the real property disposal mechanism inhibit the use of exchanges as an alternative land protection strategy?

I wonder if you could give us some reaction to those questions.

Mr. ARNETT. That's a multitude of questions on a new subject, Senator, and I don't know that I have all the answers for you. But there is a Property Review Board and this Property Review Board is diligently working to accommodate the request of the President in the evaluation and the listing of these properties.

In my particular Secretariate of Fish and Wildlife and Parks, Secretary Watt has been very firm that all lands in the national park system and in the Fish and Wildlife Service such as, the refuge lands and the National Park lands and wilderness and proposed wilderness lands not come under this review to be identified as surplus property for disposal.

The latest figure that I saw in the Park Service was in the neighborhood of, oh, some 30,400 acres, I believe it was, contiguous to nonsurplus parklands. We have listed, within our organization, the categories that we're talking about which are lands prohibited for disposal by law. In the National Park Service those are national parks and national monuments of significant scientific importance, and in the Fish and Wildlife Service——

Senator McCLURE. There aren't any national monuments of less than significant importance, are there?

Mr. ARNETT. I don't think there are any. We wouldn't have had them in there if there were any. But for the purposes of the rewrite of the law, that's the way that they were listed for us.

Senator McCLURE. I thought by definition they meant that.

Mr. ARNETT. By definition I think they would be of scientific significance. The purpose of them would be listed. So, therefore, they are not candidates for disposal.

In the Fish and Wildlife Service, the national wildlife refuge system lands are lands prohibited for disposal. Other lands not recommended for disposal are designated wilderness areas and national parklands essential to the park mission. Lands recommended for consideration for disposal will be lands located outside of the boundaries of the National Park Service areas and otherwise surplus or excess property.

In the Fish and Wildlife Service, there may be some nonessential lands within fish hatcheries, research stations, and administrative sites that may be considered. The only thing we have asked for this month is the category of lands. The general surplus of external lands that are surplus property are sent to GSA. GSA reviews these offerings and decides whether they are excess or surplus property. But at this point in time only about 30,400 acres have been identified outside NPS boundaries.

I'd have to refer to BLM, in their testimony, and the Forest Service, in their testimony to be able to give you a better updating of how their surplus lands evaluation is proceeding at this time.

Senator McClure. Well, I note by the Washington Post of this morning that the White House level Property Review Board has now been staffed by an Acting Executive Director. Apparently that's something that has just happened.

Mr. Arnett. That's right.

Ric?

Mr. Davidge. Yes, sir, Mr. Chairman. It's my understanding that they have met once. They have attempted to organize. The Property Review Board hired an Executive Director, a Staff Director, and the process of staffing and setting up procedures is underway.

With respect to your question on exchanges, it is our understanding that conversations with the Office of Mangement and Budget following the Property Review Board meeting indicated that they will look at exchanges on an exception basis. We are trying to get that clarified.

Mr. Arnett stated that 30,400 acres of parklands, wilderness lands, external to the boundaries of National Park units, usually were acquired as some sort of uneconomic remnant to another acquisition which crossed the boundary.

Senator McClure. I hope as you develop this policy you can provide us with information on the application of the policy to indicate whether or not it is working well, or whether you're having troubles with it, whether or not it is inhibiting the exchanges.

I will say now that we will be asking those questions from time to time, so that you might be able to focus on those issues as the administration goes forward on this, and suggest a policy.

Mr. Arnett. We have every intention, as we have the information, to bring it to you, in particular your committee members who have a specific interest. It will help us in our deliberations so that we won't have to redo work that may not have been necessary if we had been a little bit more up front and let you know as quickly as we know. It is our desire to keep you informed.

Senator McClure. Thank you.

On the State side of the Land and Water Conservation Fund, do I understand your statement to be that there are two reasons, two primary reasons why the administration is again requesting that the funding be cut for that program, one being the budgetary problems that we have which are rather general throughout the entire budget and the other is that the States have not expended those funds in a timely fashion, and there are still remaining unexpended over $500,000?

Mr. ARNETT. Yes, sir.

Senator MCCLURE. If I understood your statement, there was $525 million in unexpended funds as of the first of the year, and $20 million of unobligated funds, which indicates that $505 million has been obligated but remains unspent. Is that correct?

Mr. ARNETT. Yes, sir. But $592 million were the figures that were given to me, $592 million at the beginning of fiscal year 1982. As of the end of last month, that had been eroded to $485 million. And we feel that by the end of fiscal year 1982, that will be down to about $350 million of obligated but unexpended.

Senator MCCLURE. And all of the money will be obligated by the end of this year?

Mr. ARNETT. I would hope so.

Senator MCCLURE. Now some of these funds, some of these obligations are multiyear obligations.

Mr. ARNETT. Yes, sir.

Senator MCCLURE. They have been obligated over a series of 1, 2, or 3 years. Some of the money that is obligated but remains unspent has been obligated already 2 or 3 years. Is that correct?

Mr. ARNETT. Yes, sir.

Senator MCCLURE. Does that reflect a lack of effort on the part of the States, or does it reflect a program that is a multiyear program that is, by design, spread over several years?

Mr. ARNETT. I think it's perhaps both, sir. I remember what we talked about earlier on the land and water conservation funding in the States being zeroed out. Several State organizations came to me and, in effect, they expressed gratitude that the "carrot on the stick" was not there; it prevented them from having to find money to match with Federal funds.

It is not that the States are not interested in trying to do what they can in the recreation area for their people; it's just that States are, perhaps, suffering the same kind of problems that we're suffering at the Federal level. It is that money is not always available to do these many things.

There are some States that have made great use of the Land and Water Conservation Fund. Used every dollar of it every year as expeditiously as possible. Other States have found it somewhat more difficult to get their share of the Land and Water Conservation Fund, and therefore, have been a little less expeditious in expending their funds.

But I think all of the States have found great use in the Land and Water Conservation Fund to build the recreational potential of their individual States.

Senator MCCLURE. If the rate of expenditure at the State level should increase, will the administration revise its 1983 request?

Mr. ARNETT. Well, that being a hypothetical question, I guess I can only give you a hypothetical answer. If they were to do that, we would certainly take whatever action necessary to bring our responsibility up to meet the States' responsibilities.

Senator McClure. I assume that the administration has no objection to the State program and if the economic situation of the Federal Government could be improved, would you see a resumption of this program, or would the administration continue to suggest that there would be other alternatives rather than this program?

Mr. Arnett. This administration is not opposed to recreation, and we certainly understand the need for open space. It is going to become greater as cities become more crowded and population become greater in numbers.

I think the philosophical difference between this administration and some who oppose it is to what degree does the Federal Government have responsibility to take care of local recreation? I think some of the things that are concerning this administration, and me in particular, are at what point should the States take care of their own recreational needs? The local areas build their swimming pools and tennis courts? At what point should the Federal Government no longer be involved in those types of activities?

So it is not that we are opposed to recreation, open space and Park Service type lands, but there is a time for the Federal Government to act, and there is also a time for the local government to act in meeting those demands.

Senator McClure. Well, Mr. Secretary, as you probably know, last year I resisted the administration's attempt to zero the State's side——

Mr. Arnett. Yes, sir.

Senator McClure [continuing]. And I resisted right up to the last moment of the conference on the appropriation bill's measure. I received very little support within the Congress in that demand.

The reason that I did is I have sat here perhaps now a long time, sat through the period of time when we asked the States to develop a recreational program. We assisted them financially in doing it. We told them if they will do so we'd participate with them on it.

They then developed that program, identified their needs. Those plans were approved by the Federal agencies. The Federal Government was involved at every step of that program.

After we got them into it a little bit—if I can use that comparison that's often used, we got them a little bit pregnant, and they didn't want to accept the baby. And it seems to me that that just isn't quite fair. When we accepted last year the idea that there would be no funding, it was accepted reluctantly on my part, but it was under the expectation that there was a 1-year moratorium, that it was not a permanent policy decision.

But having gotten the States involved in the outdoor recreation program as I have outlined very, very briefly, with meticulous oversight on our part, oftentimes requiring them to change their plans, oftentimes exerting the Federal agency's direction, not their own, requiring them to conform to what was decided at the Federal level, and after having gone through all that to say, "Oh, sorry, we've changed our mind; now it's all yours," that still does not strike me as quite right.

It seems to me that again we are facing not a 1-year moratorium but a continuation of zero funding with the implication that that is to be a policy change of a permanent nature rather than of a temporary nature. Perhaps we had better review whether or not that is correct.

Maybe we had better go back and review the bidding and review the sense of responsibility that we had in the view of not just Federal-State relations but in the relations in this particular program where the Federal Government was so deeply involved, and has been up until this time.

I'll be asking more questions of individual agencies along this line a little further. But if you would like to make any further comment I would invite it.

Mr. ARNETT. I'm familiar with your position and I am sympathetic to your position. One of the answers that comes to mind is that economic times have certainly changed between those early days when we were encouraging the States to do as you pointed out.

Maybe we do need to review whether those yesteryear decisions of the Federal Government were right in those days. We should, perhaps, review the act that caused a little bit of pregnancy. Maybe during these heady times we would have thought twice about supporting the act.

And I know if I'd been on board at that time I would have been in the same position I am now, discouraging the Federal Government from encouraging the States to take Federal funds.

Perhaps we did the States a service by bringing to their attention their responsibility in meeting State recreational needs. This in itself was probably a plus; by focusing attention at the State level on what the State needs to be doing in that area for its people.

So it wasn't all for naught, and I hear what you're saying. I understand your concern. I feel that we're keeping this good neighbor policy with the States as out front as we possibly can. This administration intends to be as helpful as it can be to the States.

But a review of economic times sometimes causes us to drift away from the course of action that was intended in order, to take care of a situation as it actually exists.

Senator McCLURE. Well, certainly I could not question, and I think most people would not question, the fact that there is economic urgency in the Federal budget decisions today, and priority setting on that budget must be done in a different way than it's done under more normal circumstances.

I believe that your earlier comment would indicate that it is not just related to economic stringency, it's related to a basic philosophy that perhaps we shouldn't be involved with the States in that way. That's quite a different question.

It would imply that if you had been here we wouldn't have had this program, or perhaps you would have urged that we not have the program, even though they were economically good times, and that in spite of the fact that we may have gotten the States involved in it, and even if and when the economy recovers we won't have this program, I gather that's the thrust of your comments.

Mr. ARNETT. That is the thrust of my comments, yes, sir. A point is reached where I question the Federal presence in local recreation. A point is reached in my philosophical thinking such as with the smaller units—swimming pools, tennis courts, camp grounds, picnic tables. At what point does the Federal Government have a responsibility to supply those throughout America?

Senator MCCLURE. I understand that. And perhaps I might even share that, with the exception of the fact that we got the States involved in this, got them involved in programs with certainly expressions of commitment on our part, and after having gotten them involved, walked away from them.

Mr. ARNETT. Well, we probably can not exactly walk away. We do have a responsibility to a commitment made by people prior to us, and we have a responsibility to help the States with that program. Although not to the degree that was in the past, but to a degree that we don't leave them hanging.

Senator MCCLURE. In your judgment, what would happen if we accept the administration's proposal and, for a second year in a row, give them no additional money, does this in effect encourage the States to begin to dismantle the program?

Mr. ARNETT. Sir, I think it would discourage enthusiasm for a large scale program to the extent that the Federal Government is not picking up the tab, but it may encourage them to do what needs to be done at the local level.

It is hard for me to say that people's tax dollars from New York should be spent on funds to build projects in California, or vice versa. I would like the States to recognize their responsibility as a recreational mandate to the people whom they serve.

Senator MCCLURE. Well, it is always difficult to know where to start and where to stop——

Mr. ARNETT. That's right, sir.

Senator MCCLURE [continuing]. In a program. Certainly some of the States, as you indicated earlier, have expended their money much more fully than others. It may be a matter of commitment; it may be a matter of financial capacity. It may be a matter of local priority-setting.

But if we stop a program now, isn't it quite likely that we would in effect penalize those States that were unable to expend the funds more rapidly? The States that had the money and spent the money very quickly got a high proportion of the Federal expenditure. Those that were unable or unwilling to do so got a very low proportion.

If they were unwilling, maybe that's fair, but if they were willing and trying but unable, maybe that's not fair if we made the analysis of the program from the standpoint of termination of the program, based upon that particular concern.

Mr. ARNETT. In an effort to be fair, we do have a responsibility to review on a case-by-case, site-by-site basis, and make judgment based on the individual case rather than on a blanket policy for all States. Maybe that's the approach we should take.

Like you, I feel that because the Federal Government has made a commitment to the States, we have a responsibility to meet that commitment. But, as one Congress shouldn't be committed to another Congress' actions, it is difficult for one administration to be obligated by what another administration did.

In my view, the best thing to do is to address the subject on a case-by-case basis, and be as helpful as we can without being any more hurtful than we necessarily must.

Senator McClure. I understand that. But I'm very concerned about this program. First of all, I very strongly support outdoor recreation, both the State and the local and the Federal efforts in this area.

Mr. Arnett. Yes, sir, we do, too.

Senator McClure. I think we're a better and a healthier country for this program having been pushed in the past. I know Secretary Watts' commitment to that program, based upon his experience in the prior administraion as well.

But there is a penalty involved. It does, as I just mentioned a moment ago, impinge upon different States in a different way. To zero out a program now has great impact upon States who were very active; to zero out a program now has almost no effect upon States that were not active. So the ones that have been most capable get penalized in the short run, and the ones that were least capable get penalized in the long run.

So there is quite a difference in impact as between States as to whether or not you have a moratorium, a slow-down, or a termination of the program. I think it requires thoughtful consideration by all of us as to how we respond to that unequal position of the various States in the sense of how far they're into their program and how well they're administering their programs.

Mr. Arnett. I appreciate your sympathy sir, and I don't disapprove at all. We have good rapport with the private sector that, I'm sure, would willingly pick up some of the slack.

We're trying to work on programs with various national park and recreation associations. There's a vast array of assistance out there, other than Federal dollars. I agree with you that hard times cause us to make hard decisions. That's the position we are now in from an administrative standpoint.

But we're very sympathetic to the thrust that you have expressed.

ADDITIONAL COMMITTEE QUESTIONS

Senator McClure. Thank you very much, Mr. Secretary.

We'll have some further questions to submit for the record, and I would appreciate your prompt reply to those questions.

Mr. Arnett. Thank you very much.

Senator McClure. Yes, sir. Thank you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

PROPERTY DISPOSAL PLAN

Question. What instructions have NPS and FWS received regarding its participation in the "property disposal" plan of the administration? Is NPS and FWS reviewing their landholdings? With what criteria? What has that review shown to date? Have you received instructions related to exchanges with other Federal agencies or involving third parties?

Answer. The National Park Service and Fish and Wildlife Service have begun a review of their landholdings. The initial phase of this review was to establish which general categories of lands were to be considered for possible disposal and which categories of lands were to be exempt from this process. Lands that cannot be disposed by law are exempt from this process. Lands that cannot be disposed by law are all lands within the national wildlife refuge system and all national monuments of scientific significance and national parks. It is further decided that all wilderness areas and other national park system lands essential to the park mission would not be recommended for disposal. This left only one category of lands which could be considered for disposal at this time. For the Fish and Wildlife Service, lands to be considered for disposal would be limited to nonessential lands within fish hatcheries, research stations, and administrative sites and for the National Park Service those lands located outside boundaries of National Park Service areas and otherwise surplus or excess property.

Criteria are being developed at this time to enable the actual selection of lands from the general category of lands that are to be considered for disposal. It is expected that this criteria will be developed within the next month or two and that potential areas for disposal could be identified by the beginning of fiscal 1983.

We have not received clear instructions related to exchanges with other Federal agencies or involving third parties at this time. We have requested that consideration be given for exchanges where significant savings in appropriated dollars could be realized.

ALTERNATIVE PROTECTION STRATEGIES

Question. You also state that the use of alternative protection strategies will save the Federal Government money in the future. Have the land protection policy efforts resulted in any savings in fiscal year 1983? Has the use of alternatives to fee acquisition increased in 1982? How do you support that finding? Can you give us a specific park example of how those alternative protection strategies will save funds? It seems to me that a study and a review and new alternatives to fee acquisition is not what is needed as much as re-education of the land acquisition officers in the park. How do you plan to change the attitudes of those staffs?

Answer. Land protection efforts will really begin with the fiscal 1984 budget. All areas where land acquisition funds will be requested in fiscal 1984 will have undergone analysis of their current land acquisition plan to create a new land protection plan which will emphasize the use of alternative protection tools. During fiscal 1985 and in subsequent years land protection plans will be recrafted for each active area within the national park system. We have held off requesting funds for new land acquisition in fiscal 1982 and fiscal 1983 so that the new land protection policy would be established and implemented through the recrafting of existing land acquisition plans and the retraining of planning, land acquisition and management staff.

Field testing of the new policy at Kaloko-Honokohau NHP in Hawaii provides an excellent example of the potential savings of appropriated dollars. The current land acquisition plan estimates the level of funding for acquisition of the remaining property at $60 to $100 million. After analysis of this area by the case study team comprised of the park superintendent, land acquisition specialist, a lawyer, and an alternative protection specialist it was determined that all of the current needs at Kaloko could be acquired through exchange of available excess and surplus Federal lands within the State of Hawaii at a net savings in appropriated funds of $60 to $100 million. Similar findings were realized at other case study areas.

BUREAU OF LAND MANAGEMENT

STATEMENT OF DELMAR VAIL, DEPUTY DIRECTOR FOR LANDS AND RENEWABLE RESOURCES

ACCOMPANIED BY:

D. DEAN BIBLES, ASSISTANT DIRECTOR FOR LAND RESOURCES
ROGER HILDEBEIDEL, CHIEF, OFFICE OF BUDGET

PREPARED STATEMENT

Senator McCLURE. We will next hear from the Bureau of Land Management, represented by Mr. Del Vail.

The BLM's 1983 request is for $468,000, including $307,000 for acquisition management and $161,000 for direct acquisition expenses. This request is a reduction of $2,544,000 from 1982 appropriations to date; that's 84 percent below the 1982 appropriations.

Mr. Vail, if you would approach the witness table and introduce your colleagues for the reporter, then you may proceed to highlight your statement for us. Of course, it will be inserted into the record in full at this time.

[The statement follows:]

STATEMENT OF DELMAR VAIL

Thank you for the opportunity to testify in support of the President's request for appropriations from the Land and Water Conservation Fund for the Bureau of Land Management in the amount of $468,000 for fiscal year 1983. These funds will be used for two purposes.

First, $161,000 is requested for deficiency payments on the Rogue Wild and Scenic River in Oregon. We currently have two deficiency cases that will cost $139,500, with one additional case, subject to approval by the Justice Department, for an additional $15,000. With these acquisitions, of more than 300 parcels originally identified, there remains one known condemnation case and several parcels for which a definite acquisition proposal has not been received.

The second purpose of the requested appropriation is to continue acquisition-related work on projects previously authorized in California, Montana, New Mexico, and Oregon. The amount of $307,000 is required for this work, which includes preacquisition efforts and negotiation with landowners for future acquisition of parcels to complete these projects. Among the projects being managed are the King Range National Conservation Area in northern California, the Pacific Crest Trail in California and Oregon, the Upper Missouri Wild and Scenic River in Montana, the Rio Grande Wild and Scenic River in New Mexico, and the Rogue River in Oregon.

I would also like to note that the administration is proposing to merge the land acquisition appropriation into a new appropriation entitled construction, access, and land acquisition. This merger is proposed because the nature of the activity is similar to BLM's other capital investment activities in the new appropriation, and because the size of the land acquisition appropriation does not warrant the additional administrative costs of maintaining a separate appropriation.

This concludes my statement; I will be pleased to answer any questions you may have about this request.

BIOGRAPHY OF D. DEAN BIBLES

D. Dean Bibles.

Age: 47.

Assistant Director, Land Resources, Bureau of Land Management, Washington, D.C.

He and his wife, Dixie, live in Springfield, Va. and have 3 children—Camille, 20, a junior at College of Idaho; Brent, 17, a junior at West Springfield High; and Monica, 15, a freshman at West Springfield High.

In his present assignment he is responsible for the Bureau's programs in lands, rights-of-way, recreation, cultural and wilderness and Alaska programs.

His almost 25 years with BLM have included: 2 years—Assistant Director, Land Resources, Washington, D.C.; 5 years—Boise district manager, Idaho; 5 years—Susanville district manager, California and Nevada; 3 years—Billings district manager, Montana; 3 years—Assistant district manager and chief, division of resources, Burley district, Wyo.; 2 years—head, grazing administration program for the Worland district, Wyo.; 2 years—area manager-southeast area, Worland district, Wyo.; 1 year—departmental management trainee, Washington, D.C. and Oregon BLM; 1 year—area manager (then known as division manager) southeast division, Worland district, Wyo.; 1 year—range conservationist—range improvement programs—Worland district, Wyo.; 6 months—2d. lieutenant—basic officers course, Ft. Lee, Va.; and 6 months—range conservationist—Lander district, Wyo.

He has been very active in church and community affairs, especially in the youth and scout programs and served as president of the Susanville Elementary School Board.

Received education at Texas A. & M. University with a degree in range management in 1957.

INTRODUCTION OF ASSOCIATES

Mr. VAIL. Thank you, Mr. Chairman.

With me this morning on my right is Dean Bibles, Assistant Director for Land Resources.

On my left is Roger Hildebeidel, Budget Officer.

We thank you for the opportunity to testify in support of the land and water programs.

The Bureau of Land Management is asking for $468,000 for 1983. As you have already identified, there are two purposes for this money.

First, $161,000 is requested for deficiency payments on the Rogue Wild and Scenic River in Oregon. We currently have two deficiency cases that will cost $139,500, with one additional case, subject to approval by the Justice Department, for an additional $15,000. With these acquisitions of more than 300 parcels originally identified, there remains one known condemnation case and several parcels for which a definite acquisition proposal has not been received.

The second purpose of the requested appropriation is to continue acquisition-related work on projects previously authorized in California, Montana, New Mexico, and Oregon. The amount of $307,000 is required for this work, which includes preacquisition efforts and negotiation with landowners for future acquisition of parcels to complete these projects.

Among the projects being managed are the King Range National Conservation Area in northern California, the Pacific Crest Trail in California and Oregon, the Upper Missouri Wild and Scenic River in Montana, the Rio Grande Wild and Scenic River in New Mexico, and the Rogue River in Oregon.

I would also like to note that the administration is proposing to merge the land acquisition appropriation into a new appropriation entitled construction, access, and land acquisition. This merger is proposed because the nature of the activity is similar to BLM's other capital investment activities in the new appropriation, and because the size of the land acquisition appropriation does not warrant the additional administrative costs of maintaining a separate appropriation.

Sir, that concludes my statement. I'll be pleased to answer any questions.

Senator McCLURE. Mr. Vail, thank you very much.

DEPOSIT AMOUNTS VS. AWARDS

Are the items that you've identified in your statement the only parcels for which BLM anticipates deficiency awards in 1983?

Mr. VAIL. Yes, sir, they are.

Senator McCLURE. How are the court awards coming in as compared to the appraisal amounts already deposited with the court? Are the awards high or low?

Mr. VAIL. Well, let me give you an example.

In Arrington we deposited $1,500. The anticipated award is $50,000. So there's a difference of $48,500.

Senator McCLURE. That's kind of dramatic. What happened? Did somebody lose a decimal point?

Mr. VAIL. No, sir. We do that consistently. All the amounts deposited are rather conservative. As an example, there are several that are settled out of court. As discussed with Assistant Secretary Arnett, there is no way of knowing what the award is going to be.

Senator McCLURE. But shouldn't you make your best estimate of what they'll be? If they're consistently far off the mark, doesn't that indicate that you're not just being conservative, you're being wrong?

Mr. VAIL. Yes, sir. Our estimates are all right because we anticipated that. But perhaps I misled you by saying the amount deposited. We are conservative in the amount that we deposit in the——

Senator McCLURE. But again your amounts deposited are supposed to be your best estimate of the amount to be awarded. Is that not correct, and is that not a matter of law?

Mr. VAIL. At the time of acquisition, you're correct, it should be our best estimate. On the one that's in front of me here, we deposited $73,000. The award was $94,000. But some of them were considerably off, too.

I can't explain the difference to you right now.

Senator McCLURE. Well, let me run down a list here just for the record.

You identified the one where the amount deposited was $1,500 and the award anticipated is $50,000. That's the first on the list.

Mr. VAIL. Yes, sir, that is correct.

Senator McCLURE. The next one is $2,500 and $6,500. The next one is $1,500 and $6,500. The next is $9,000 and $100,000. The next one is $40,000 and $300,000. The next is $73,000 and $94,500. The next is

$2,100 and $12,000. The next is $2,500 and $12,000. The next is $1,500 and $12,000. The next is $1,600 and $12,000. The next is $1,500 and $12,000. The next is $2,000 and $12,000. The next is $4,800 and $8,000.

Now the total of those two columns is $143,500 deposited in court, and now your anticipated award is $637,500, more than four times the amount that was deposited.

Now that's not a pattern of conservatism, that's a pattern of dishonesty. It goes beyond simple error. It goes to a pattern of conduct on the part of the BLM that is indefensible.

Mr. VAIL. Mr. Davidge has passed a note that I'm not privy to. Perhaps we could ask him to help us explain this.

Ric, do you want to add to this?

ACQUISITION DEPOSIT AMOUNTS

Mr. DAVIDGE. Mr. Chairman, I think you are bringing out a very important problem. One of the biggest cost factors, in my opinion, in the acquisition program is the time delay factor. If you initiate an acquisition, you're supposed to, as I understand the law, deposit no less than the approved appraised value against that acquisition.

The acquisition, particularly through a condemnation process, takes 4 to 6 years. In some cases we've seen acquisitions take up to 12 years. The delay, and appreciation in value of, say, 10 percent a year, can significantly change the award.

Senator McCLURE. I understand that. And I wish I could accept that statement in good faith. But of the amounts deposited that I have just given you, the oldest one of them is 3½ years old, not 10 years old. They're 1979, 1980, 1981 and 1982. So your statement simply is not in accordance with the facts that we have before us.

Mr. DAVIDGE. Mr. Chairman, we understand that there is a serious problem in the value determinations, and Senator Wallop has particularly expressed this to us, as well as Chairman Yates on the House side.

We in the Fish and Wildlife and Park Service are looking closely at that question of value judgment.

Senator McCLURE. It's either a policy judgment or a policy consideration that says underpay because we don't have enough money now, so deposit too little in court and thereby save some money in the short term, and in times of budgetary stringency, I understand that temptation—whether it be honest or dishonest, I understand the temptation, or there is a calculated attempt to deceive as to what the costs are going to be.

In the acquisition of these lands it cannot be anything else; that pattern is too clear and too consistent. And I don't think that the administration can defend that policy.

Mr. DAVIDGE. Mr. Chairman, I don't think we do. I think what we are attempting to do now, the Secretary has directed that particularly the Park Service at this point prepare a regular report to the Secretary on the differences between the amounts deposited and the amounts of anticipated awards so that we can, through the internal accounting process, update those obligations against what we really anticipate the awards will be.

Senator McClure. Well, I believe that there has been in the recent past an attempt on the part of land-managing agencies to understate the true costs of acquisitions. They understated those true costs in order to get them through the Congress, believing that the Congress would not buy those proposals if, as a matter of fact, they knew how expensive it was going to be.

I'm not sure that's true. Perhaps that's an unfair statement. But the record would indicate that what I've just said is correct, that there's a reason behind this gross disparity of figures.

But regardless of what that reason may be, whenever there is an acquisition in which there is either a legislative taking or a court proceeding, at that point the Government has a legal obligation as well as a moral obligation to be honest with the people whose land is being affected.

. We're not only just kidding ourselves or misleading the public, we're being dishonest, and we're also not being faithful to the legal obligations that are charged upon the Government for the deposit in court. Now to me that's totally indefensible.

DETERMINATION OF FAIR MARKET VALUE

Mr. Vail. Sir, I know of no Bureau of Land Management policy that would sustain or direct the use of this approach. The only thing I can surmise here is that the amount deposited at the time is based upon the appraisal, and you are well aware of how we go through our appraisal, based on the fair market value, based on sales of similar land.

Some of this can be explained. Perhaps we're in an area where there have not been a lot of sales. I know you understand that our appraisers are very professional, and they would stand upon their appraisals. And I have to assume that the amount of deposit is based on that appraisal at that time.

Senator McClure. Well, I'm sure the amount of deposit is based upon that appraisal, but they cannot be right if, as a matter of fact, in a period of 1 to 2 years, you find yourself off, and admitting you're off, by a factor of six.

Now if I had appraisers like that I'd fire them, and maybe that's what you ought to do. There has to be some kind of an accountability and a system that indicates whether or not these people are accurate.

Now again I will confess that courts and juries have made awards that, in my judgment, are excessive, and I don't mean to be unduly harsh. Sometimes that is the fact. I have also seen land managers where they could have settled on a restricted easement for a very few pennies on the dollar, who insisted on fee acquisition and got stuck with exorbitant amounts of money.

When we get around to the Forest Service, I may remind them of some of those that occurred in my State, where the taxpayers of this country got stuck for millions and millions of dollars when they could have gotten by for far less, because the Forest Service is so darn greedy they just can't stand the notion that somebody else has some interest in the land that they manage.

There's a little bit of that in the BLM, too, I might add.

Mr. DAVIDGE. Mr. Chairman, I think that the land managers would agree that appraising is an art, not a science. You can't go into court on a condemnation case with a government appraisal at a significantly lower value than the appraisal that was put to the court by the property owner. Both appraisals can be accepted as a state of art.

It really gets down to the assumptions that the appraiser uses in the determination of value and what's been agreed upon as far as best use.

Senator MCCLURE. I'd like to have appraisers and land managers that are looking out after the taxpayers, protecting the taxpayers. But you have a pattern here of the appraisal being 10, 15, 20 percent, maybe even 30 percent below that of the anticipated award.

We're not even talking about the awards that are actually made. I'm just comparing now your own statement, the Government's own statement between the amount deposited in court and the amount that is anticipated in awards. This isn't the judgment of the court now that we're talking about. We're not even talking about the judgment of the defendant's appraisers.

We're talking about two different sets of judgments by the administration, one the official one where they put up the dough, and the other the official one where they're telling us how much money you're going to need. And those are four times different, $143,500 against $637,500.

Now that's not the state of art of appraisal; that is the state of art of conning somebody.

Mr. VAIL. Well, I have to reiterate that I know of no policy of the Bureau of Land Management to create such an atmosphere of conning anybody.

Senator MCCLURE. Well, it may not be policy, or it may not be a stated policy, but boy, there's got to be an unwritten practice. You may have just fallen into it. But I'm really serious, and I don't mean to be unduly exercised about this.

There is something wrong. It is not working right. It cannot be defended as working right when there is that great a disparity, for whatever reason, whatever the motive may be. Whether it's art or artful, I'm not certain.

For the 11 parcels included in your 1983 budget, how many are declarations of taking for less than fee simple acquisition?

Mr. VAIL. They are all scenic easements, sir, on trails and on the river.

Senator MCCLURE. Are there other options available other than fee simple acquisitions for the 10 parcels that will remain on the Rogue Wild and Scenic River after fiscal year 1983? Or are they scenic easements?

Mr. VAIL. The data that I have in front of me show that they're predominantly scenic easements. We can furnish it for the record if there is anything other than that.

Senator MCCLURE. If you'll do so, please?

Mr. VAIL. Yes, we will.

[The information follows:]

EASEMENT ACQUISITION

All anticipated easements on the Rogue are scenic easements.

PROPERTY DISPOSAL PROGRAM

Senator McCLURE. What instructions has the BLM received regarding its participation in the "property disposal" plan of the administration?

Mr. VAIL. We have an instruction memo out to the field where we're gathering data to present to the Assistant Secretary and the team that he has working on this. They're developing the criteria.

And we have an instruction memo out to the States where they are analyzing all of the lands within their jurisdiction in the various categories so that we'll be able to demonstrate to the Secretary and his committee the lands that fall into particular designations.

We are trying to get ahead of the power curve on this and develop the data while at the same time not knowing what criteria will be used in writing the formula.

Senator McCLURE. You don't have the criteria given to you yet?

Mr. VAIL. No, sir, we do not.

Senator McCLURE. Have you developed them? Are you responsible for the development of the criteria?

Mr. VAIL. No, sir. There's a team under Assistant Secretary Garrey Carruthers' office that is doing that, and we're gathering the data to portray to that team.

Senator McCLURE. Will each department develop its own criteria?

Mr. VAIL. Sir, I understand that Assistant Secretary Carruthers is heading up that team for the whole Department.

Senator McCLURE. For the Department of the Interior?

Mr. VAIL. Yes, sir.

Senator McCLURE. So you'll have departmentwide criteria, as you understand?

Mr. VAIL. I believe so, sir.

Senator McCLURE. I'll submit some questions to the Department for answer on that subject.

What has your review shown to date? Are you far enough into it to have any results yet?

Mr. VAIL. No, sir. We have nothing back in yet. It is due in next week.

We've always had some information from land use planning that we've already done and the lands that have been identified through that process, but that is only just a partial look at the total picture.

Senator McCLURE. How soon do you expect to have developed criteria?

Mr. VAIL. Well, again, sir, that is the Assistant Secretary's team. I don't know just what their timetable is on that. I haven't seen it.

Senator McCLURE. Have you received instructions related to exchanges with other Federal agencies?

Mr. VAIL. I'm sorry, sir. Again?

Senator McCLURE. Have you received any instructions on this program that relate to the exchanges of land with other Federal agencies?

Mr. VAIL. The only instructions that I'm aware of concern exchanges and other lands and direct that these are to be submitted and reviewed by the Property Review Board.

LESS THAN FAIR MARKET VALUE DISPOSALS

Senator McCLURE. What disposals does BLM make that have "less than fair market" returns to the Government?

Mr. VAIL. There are quite a number of them. At the top of the list would be the Recreation for Public Purposes Act. There's a significant amount in there, such as desert land entry, Carrie Act, Indian allotments, and several others, but those are the ones that come to my mind immediately.

Of course, in Alaska, under D–2 there are several native conveyances that don't take value into consideration at all.

Senator McCLURE. How have the Property Review Board procedures impacted on those disposals?

Mr. VAIL. Again the instruction memo we have is that all of those of less than fair market value will be submitted for review by that board before they are acted upon.

Senator McCLURE. Do you have any indication that as a matter of fact the policy is that those less than fair market value disposals will be stopped?

Mr. VAIL. No, sir, there has been no indication of that yet. We haven't submitted any yet, so there has not been a case to refer to.

LAND ACQUISITION STAFFING

Senator McCLURE. According to your justification—and I'm referring to page 210 of the justification—BLM is requesting an increase of three FTE for acquisition management activity in 1983. Why is this increase needed?

Mr. VAIL. Sir, this in reality is not an increase. We had a total of eight people in that program. Last year we shifted five people over into this type of accounting. And this year it is merely a catchup.

It's eight people. We already have had them on the program. It is not an increase. It is merely to show it totally over into this program.

Senator McCLURE. Where were they transferred from?

Mr. VAIL. They were in the acquisition program. I don't recall what activity.

Senator McCLURE. Where will I see in the justification a decrease of five FTE?

Mr. VAIL. Well, the five last year would be three this year.

Senator McCLURE. If it's a transfer, it's transferred from somewhere. If it's added here it's subtracted somewhere else.

Mr. VAIL. Yes, sir. I'm sorry, I can't identify that. But we can provide that for the record.

Senator McClure. If you would provide that for the record, please? Thank you.

[The information follows:]

FTE Transfers to Acquisition Management

A total of eight FTE's are proposed for management of the 1983 land acquisition program funded from the Land and Water Conservation Fund (LWCF). This includes 5 FTE's that were shifted from BLM's non-LWCF acquisition program (primarily easement acquisitions) in 1982 and three additional positions in 1983.

The additional FTE's in 1983 are offset in the Land and Water Conservation Fund. From 1982 to 1983, FTE's (shown in the related allocation accounts) will decrease from 36 to Zero. (See page NPS-239, fiscal year 1983 budget justifications for the National Park Service.)

MERGER OF LAND ACQUISITION APPROPRIATION

Senator McClure. Your 1983 proposal calls for merging the land acquisition program with the construction activity into a new single account. Your prepared statement says that the land acquisition appropriation is not of sufficient size to warrant the additional costs of maintaining a separate appropriation.

Can you give me an estimate of those additional costs?

Mr. Vail. No, sir, we don't have them here, but we would be glad to supply them to you.

Senator McClure. Will you please supply that for the record?

Mr. Vail. Yes, sir, we will.

[The information follows:]

Cost of Maintaining Separate Appropriation

The additional cost of maintaining a separate appropriation would be minimal. However, efficiency is gained by combining the two accounts to avoid the need for separate apportionment and Treasury warranting of appropriations, to reduce certain financial reporting to Treasury, and to permit consolidation of presentations in budget documents prepared for executive branch review as well as the budget justifications.

As noted in the justifications, however, cost was not the sole consideration in proposing to merge the accounts. The primary intent of the consolidation is to combine activities which are similar in nature.

PROPOSED MERGER OF ACCOUNTING

Senator McClure. I am a little concerned. I would be less than candid with you if I didn't state it. I'm concerned about that proposed merger of accounting for two or three reasons, not the least of which is it makes it much more difficult for us to track the acquisitions and the acquisition cost while it makes it more easy for you to transfer funds or to merge the funds.

While that, from your standpoint, may look good, it doesn't look too good from ours.

Mr. Vail. Yes, sir. However, even under this merger, we plan to keep each acquisition as a line item so that we can identify them, and that information will be readily available.

Senator McClure. I want to take a look at that because I'm concerned about it. Of course, you have reprograming authority. You can still do that.

Mr. VAIL. Yes, sir, that is correct.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. We could accomplish much the same thing without making this change. We may have additional questions for the record, and if so, I would appreciate your prompt response to those questions.

I have no further questions at this time. Thank you very much for your testimony.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Land and Water Conservation Fund
Bureau of Land Management

Question: For deficiencies to be covered in 1983, please provide a table showing amounts deposited and estimated deficiencies, so the Committee can compare awards to deposits.

Answer: Table I, "LWCF Deficiency Awards - Quarterly Report, provides the subject information for the Bureau of Land Management.

Question: Prepare a brief statement listing the specific cost elements being charged to the "acquisition management" activity as contrasted to the "land acquisition" activity.

Answer: The following information applies to the Bureau of Land Management:

Land Acquisition: environmental analyses, field examinations, survey and design, title transfers including payments to landowners.

Acquisition Management: all activities included under land acquisition except payments to landowners.

Table I
LWCF DEFICIENCY AWARDS - QUARTERLY REPORT
October 1, 1981 - March 31, 1982

Bureau of Land Management

Easement Unit	Case Number	Date Filed	Initial Amount Deposited	Total Amount Deposited	Amount of Award Anticipated	Anticipated Deficiency by FY			Date Completed	Comments
						1982	1983	1984		
1	79-1539	12-18-79	$1,500	$1,500	$50,000		$48,500			Pending Trial, Scenic Easement-D.T.Arrington
1	78-926	10-11-78	2,500	2,500	6,500	$4,000			4-11-82	Def.&Int. Request 3-3-82
1	79-1549	12-12-79	1,500	1,500	6,500	5,000			10-12-81	Scenic Easement-D.T.-Chilton Def.&Int. Request 10-1-81
1	81-6020-ME	1-21-81	9,000	9,000	100,000		91,000			D.T.-Scenic Easement- Denhouting
1	78-927	10-11-80	40,000	40,000	300,000			260,000		Pending Trial, Scenic Easement-D.T. Gallagher
1	79-1531	12-17-79	73,000	73,000	94,500	21,500			10-2-81	Pending Trial, Scenic Easement-D.T. Hanton D.T.-Scenic Easement-Klose
1	79-1391	11-15-79	2,100	2,100	12,000	9,900				Trial - 6-23-82 Pending Settlement-Martin
1	81-6063-ME	2-26-81	2,500	2,500	12,000	9,500			12/81	D.T.- Scenic Easement D.T.-Scenic Easement-Padgett Deficiency requested 12-15-81
1	79-1545	12-19-79	1,500	1,500	12,000	10,500			11/81	D.T-Scenic Easement-Peteloff Deficiency requested 11-27-81
1	80-6740-ME	12-18-80	1,600	1,600	12,000	10,400			12/81	D.T.-Scenic Easement-Reynold Deficiency requested 12-15-81
1	79-1514	12-11-79	1,500	1,500	12,000	10,500			12/81	D.T.-Scenic Easement-Thome Deficiency requested 12-15-81
1	79-485	5-7-79	2,000	2,000	12,000	10,000			12/81	D.T-Scenic Easement-Whitmore Deficiency requested 12-15-81
1	78-766	8-17-78	4,800	4,800	8,951	4,151				D.T.-Scenic Easement-Yount Deficiency requested 3-10-82
13			$143,500	$143,500	$638,451	$95,451	$139,500	$260,000		

Property Disposal

Question: What instructions has BLM received regarding its participation in the "property disposal" plan of the Administration?

Answer: Several revenue targets were given and the BLM was asked to develop cost targets needed to dispose of sufficient land to meet the revenue targets. We are presently developing this information and will seek Secretarial approval on both the revenue target level and the cost target level before proceeding. This property disposal instruction is for both improved real property and the public lands.

Question: Is BLM reviewing its land holdings?

Answer: BLM will complete an initial inventory and categorization of public lands and will submit the results of that exercise to the Department on April 23, 1982. This inventory will estimate the value of BLM's assets in public land and determine how much of those assets are potentially suitable for disposal.

Question: With what criteria?

Answer: Existing land use plans address potential land disposal activities. Since the public was involved in these plans, the decisions to dispose of land will come from the land use plans. The lands identified for disposal in the land use planning process are not needed for support of the programs and could best be utilized in private ownership. The criteria for disposal are found in Section 203 of FLPMA.

Question: What has that review shown to date?

Answer: Preliminary figures from this inventory will be released by the Department. The results of the inventory are inclusive prior to April 23, 1982.

Question: Have you received instructions related to exchanges with other Federal agencies or involving third parties?

Answer: We have received no formal instructions relating to exchange. There are several sets of options which are now being considered by the Property Review Board which relate to exchanges.

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

ACQUISITION PROJECTS

Question: Please give the status of each project for which acquisition funds were made available in FY 1982.

Answer: Attached is the requested information as of April 14, 1982. (Attachment 1).

Question: What has been the impact of the 4% cut on the acquisition program?

Answer: The impact on each project is shown below:

Project	Amount before 4% cut	Amount after 4% cut	Amount reduced
1. Yaquina Head ONA	$2,000,000	$1,920,000	$80,000
2. King Range	$ 700,000	$ 672,000	$28,000
3. Pacific Crest Trail	$ 130,000	$ 125,000	$ 5,000
4. Acquisition Management	$ 307,000	$ 295,000	$12,000
	$3,137,000	$3,012,000	$-125,000

1. Yaquina Head Outstanding Natural Area - The reduction of $80,000 is moot because the offer to sell was $525,000 more than the $1,920,000 appropriated.

2. King Range National Conservation Area - It is difficult to pinpoint the effect of the $28,000 reduction until purchase agreements are reached. Under certain circumstances, the reduction might prevent acquisition of a parcel (or cause a delay while a reprogramming request was being considered).

3. Pacific Crest Trail - The impact of the reduction of $5,000 is difficult to pinpoint until purchase agreements are reached. The reduction could cause a delay while a reprogramming request was being considered.

4. Acquisition Management - The reduction of $12,000 represents approximately one-half a Full Time Equivalent. The impact on the Bureau's Acquisition Program will be minimal.

Question: If the Congress were to make available funds for Federal land acquisition, as we did last year, what would be the Bureau's priorities assuming a total funding availability of a) $1 million b) $2 million and c) $3 million. Please provide a comprehensive list, with full justifications, for the record. Also, please indicate funding needs for adequate staff to administer an acquisition program at each level.

Answer: On May 15, 1982, the Department of the Interior adopted a new land protection policy for use of the Federal portion of the Land and Water Conservation Fund. This policy places emphasis on the use of alternatives to full fee acquisition and method of protection. As part of the implementation process, the agencies are currently reviewing all existing land acquisition plans and revising them as necessary to comply with the new policy. The new land protection plans are scheduled to be completed and approved by the Directors of each agency/bureau and the appropriate Assistant Secretaries by fiscal year 1984. New land protection plans will be completed first on areas which have acquisition funds currently available. When the plans are completed, we will know what level and method of protection is most cost effective, thereby identifying the amount of funding necessary to protect these areas. Until that time, we are unable to indicate how any additional funds would be spent to acquire lands in specific areas.

Attachment 1

Bureau of Land Management
FY 1982 (dollars) Land and Water Conservation Fund

	Availability			Status		
Project	Unobligated balance carried into FY 1982	FY 1982 Appropriation	Total	Obligated	Unobligated	Comments
King Range	—	672,000	672,000	2,938	669,062	BLM is presently negotiating for 3 coastal tracts with interwoven rights-of-way (which require that all three be purchased in order to obtain all rights on any one parcel).
Pacific Crest Trail	—	125,000	125,000	832	124,168	Purchase of parcel will open up 130 miles of trail.
Susanville Trail	20,000	—	20,000	731	19,269	For negotiations, appraisal, and purchase of easements.
Rogue WSR	139,000	—	139,000	114,900	24,100	Required for deficiency payments on condemnation cases currently in litigation.
Yaquina Head		1,920,000	1,920,000	1,144	1,918,856	$525,000 short of negotiated purchase price. Reprogramming request denied.
Acquisition Management	—	295,000	295,000	133,567	161,433	Program Management funding provided in 1980 appropriation.
TOTAL	159,000	3,012,000	3,171,000	254,112	2,916,888	

FISH AND WILDLIFE SERVICE

STATEMENT OF ROBERT A. JANTZEN, DIRECTOR

ACCOMPANIED BY BERNARD J. SHAEFER, ASSISTANT CHIEF, DIVISION OF REALTY

BUDGET REQUEST

Senator McCLURE. Next we will have the Fish and Wildlife Service, represented by Mr. Bob Jantzen. The Fish and Wildlife Service is requesting $1,567,000 in fiscal year 1983, including $998,000 in acquisitions and $569,000 in acquisitions management. This is a reduction of $14,924,000, or a 90-percent reduction from 1982 appropriations to date.

Before I go any further with Mr. Jantzen, I might just note for the record something I should have mentioned a moment ago when Mr. Vail was testifying, and that is that those appraisals and estimates which I found reason to criticize were in the main scenic easements.

I think it is fair to note for the record that those are much harder to calculate. We've had much greater difficulty in making those appraisals. And at least early in the system most of us I think underestimated costs of scenic easements. I know that I did.

I watched what happened in the Sawtooth National Recreation Area where the landholders in an area that is merely grazing land in a scenic area were paid $600 an acre for their scenic easements, and they still owned the land. Prior to our acquisition of that land or prior to its designation as a national recreation area, they couldn't have sold the land for $600 an acre. Now they've received that, and still have the land.

Incidentally, some of the landowners were very, very angry when they were designated within the national recreation area, but somehow they had been seduced into believing that it wasn't quite so bad.

PREPARED STATEMENT

Mr. Jantzen, if you will introduce your colleagues for the reporter, you may then proceed with your statement as you see fit. It will of course be inserted in the record in full.

[The statement follows:]

STATEMENT OF ROBERT A. JANTZEN

Thank you for the opportnuity to address the administration's recommendations for the fiscal year 1983 budget pertaining to the Fish and Wildlife Service's appropriation under the Land and Water Conservation Fund.

Basic service policy is to acquire land only when other means (regulatory controls such as zoning, permits, and ordinances) of achieving program goals and objectives are not appropriate, available, or effective. When lands are to be purchased, the minimum interests necessary to reach management objectives are acquired. If fee title acquisition is required, full consideration is given to extended use reservation, exchanges or other alternatives that will lessen the impact on the owner and the community. Donations of fish and wildlife habitat or interests therein are also encouraged and accepted when they contribute to meeting objectives.

The Fish and Wildlife Service's fiscal year 1983 budget request totals $1,567,000. It includes: $948,000 for the acquisition of eight ownerships totaling 500 acres at Crocodile Lake National Wildlife Refuge; $50,000 for the acquisition of three ownerships totaling 100 acres at Kirtland's Warbler National Wildlife Refuge, and $569,000 for acquisition management.

Habitat necessary to preserve the American crocodile and the Kirtland's warbler would be acquired using the proposed funding. Beyond that, the funds will be used to explore possible exchanges; process case closures, do relocation work, prepare appraisals, and generally to concentrate on actions that will serve to protect threatened habitat of the backlog without resorting to immediate land acquisition.

The Kirtland's warbler proposal is for the continued acquisition of nesting and associated foraging habitat. The parcels proposed for acquisiton are indentified for protection in the recovery plan. They are private inholdings within the Ogemaw State forest. These tracts are actively being subdivided into 10-acre parcels and have wide appeal to nonlocal buyers from the surrounding cities for seasonal recreation.

The American crocodile proposal is for the continuation of acquisition at the 7,100-acre Crocodile Lake NWR, lying on the northern portion of Key Largo. It is a prime feeding and nesting area of the American crocodile. The entire area is within designated critical habitat for the crocodile and contains one-third of all crocodile nests found in Florida. This area also contains representative segments of Florida's most threatened wildlife ecosystem—West Indian hardwood hammocks, the last remaining tropical hardwood vegetation in the United States.

Funds appropriated under the acquisition management line item are needed to pay staff related expenses, to process condemnation actions and hardship cases, administer unobligated carryovers, make outlays, and continue planning for future years.

I appreciate this opportunity to address this committee and would be pleased to answer any questions you might have.

BIOGRAPHY OF ROBERT A. JANTZEN

Robert A. Jantzen, Director of the U.S. Fish and Wildlife Service since November 1981, is from Phoenix, Ariz., and has spent his entire career in the wildlife management profession. He worked in the Arizona Game and Fish Department from 1953 to 1981, serving as director for the Arizona agency for 13 years.

Mr. Jantzen holds a B.S. degree in wildlife management from the University of Arizona and has studied at the graduate level. He is a past president of the International Association of Fish and Wildlife Agencies and chairman of the National Waterfowl Council and has been a representative on the executive council of the Wildlife Society.

As Director of the Fish and Wildlife Service, Mr. Jantzen administers the agency in the Interior Department which oversees the Federal endangered species and migratory bird conservation programs, predator control, the national wildlife refuge system, the national fish hatchery system, Federal fish and wildlife research, and other programs aimed at minimizing environmental degradation to fish and wildlife habitat throughout the Nation.

In his first remarks after being appointed Director of the Service, he said that the economic situation meant that the Service would have to "do better with perhaps fewer resources," and called for a stronger partnership between the Service, State fish and wildlife agencies, and private conservation organizations.

INTRODUCTION OF ASSOCIATE

Mr. JANTZEN. Thank you, Mr. Chairman.

On my left is Mr. Ben Schaefer, who is Assistant Chief of the Division of Realty for the Fish and Wildlife Service.

Mr. Chairman, you have summarized in your statement the Fish and Wildlife Service request for fiscal year 1983. It totals $1,567,000 and includes $948,000 for the acquisition of eight ownerships totaling 500 acres at Crocodile Lake National Wildlife Refuge, $50,000 for the acquisition of three ownerships totaling 100 acres at Kirtland's Warbler National Wildlife Refuge, and $569,000 for acquisition management.

The Kirtland's warbler proposal is for the continued acquisition of nesting and associated foraging habitat. The parcels proposed for acquisition are identified for protection in the recovery plan. They are private inholdings within the Ogemaw State forest. These tracts are actively being subdivided into 10-acre parcels and have wide appeal to nonlocal buyers from the surrounding cities for seasonal recreation.

The American crocodile proposal is for the continuation of acquisition at the 7,100-acre Crocodile Lake National Wildlife Refuge which lies on the northern portion of Key Largo, Fla. It is a prime feeding and nesting area of the American crocodile. The entire area is within designated critical habitat for the crocodile, and contains one-third of all crocodile nests found in Florida.

Funds requested for acquisition management are needed to pay staff related expenses, to process condemnation actions and hardship cases, administer unobligated carryovers, make outlays, and continue planning for future years.

The basic service policy is to acquire land only when other means, such as zoning, permits, and ordinances are not possible in achieving program goals.

When lands are to be purchased, the minimum interest necessary to reach management objectives are acquired. If fee title acquisition is required, full consideration is given to extended use reservations, exchanges, or other alternatives that will lessen the impact on the owner and the community.

Donations of fish and wildlife habitat or interests therein are also encouraged and accepted when they contribute to meeting Service objectives.

Mr. Chairman, that concludes my statement. I'd be happy to answer any questions you may have.

NOTE OF APPRECIATION

Senator McClure. Thank you very much.

Before I start questioning, let me comment that we requested that each of the agencies give us supporting data on all the authorized acquisitions, together with maps of acquisitions, and the pending acquisitions and those that are remaining.

The Fish and Wildlife Service has given us an outstanding compilation that is very, very helpful to us. It was exactly what we wanted, and I very deeply appreciate the effort that you have given to that, the attention you gave to that request. It is an outstanding job and I very greatly appreciate it.

It will simplify our job in making the judgments that we must share with you. I do appreciate that.

Mr. JANTZEN. Mr. Chairman, thank you very much, not for myself but on behalf of Mr. Schaefer and his staff because they're the people that really deserve the credit. It was very nice of you to say so.

Senator McCLURE. It's an excellent piece of work and I appreciate it.

FISCAL YEAR 1983 ACQUISITION PROJECTS

Your statement mentions that you have two acquisitions for two endangered species which you have identified, the American crocodile and the Kirtland's warbler.

Does the Fish and Wildlife Service have any outstanding or anticipated deficiencies or court awards?

Mr. JANTZEN. At this time, no, sir. We had one deficiency in 1982 which is being covered this year, but we have none projected for 1983.

Senator McCLURE. By my estimate, the Fish and Wildlife Service had unobligated prior year funds available on January 1, 1982, for acquisition of habitat to support about 10 to 15 endangered species. Included in that list is about $170,000 for the American crocodile.

How did you select the two endangered species to receive funds this year?

Mr. JANTZEN. Mr. Chairman, these two species are ranked highest in terms of the need for acquisition of habitat. In both instances——

Senator McCLURE. Is that because their habitat is more restricted, or because the species is more endangered?

Mr. JANTZEN. Both.

Senator McCLURE. Both.

Mr. JANTZEN. Yes, sir. The answer is "yes" to both sides of that question.

There is direct competition between people and the species within the American crocodile habitat. As you may know, Florida's human population has grown tremendously in the last few years. The crocodile has little tolerance for human activities. We have a critical need to control this disturbance through acquisition..

There's a very real need to continue to acquire land for the Kirtland's warbler habitat specifically for fire management techniques which are needed for the survival of the species.

Senator McCLURE. Are there other endangered species habitat under similar pressure?

Mr. JANTZEN. Mr. Chairman, no, sir. These are rated the highest.

Senator McCLURE. Would you submit for the record the ranking of the endangered species?

Mr. JANTZEN. Yes, sir.

[The information follows:]

Ranking of endangered species habitat protection

Species (Unit)	*State*
American crocodile	Florida.
Kirtland's warbler	Michigan.
Plymouth red-bellied turtle	Massachusetts.
Blunt-nosed leopard lizard	California.
Leatherback sea turtle	Virgin Islands.
West Indian manatee	Florida.
Hawaiin waterbirds (Kealia Pond)	Hawaii.
Mississippi sandhill crane	Mississippi.
Santa Cruz salamander	California.
Bald eagle (Bear Valley)	Oregon.
Hawaiin waterbirds (Opaeula Pond)	Hawaii.
Indiana/Gray bat (Fern Cave)	Alabama.
Aleutian Canada goose (Castle Rock)	California.
California condor (Blue Ridge)	California.
Pahrump killifish (Corn Creek)	Nevada.
Watercress darter	Florida.
Key deer	Florida.
San Bruno elfin butterfly	California.
Warm Springs pupfish	Nevada.
Pahrump killifish (Manse Springs)	Nevada.
Moapa dace	Nevada.
Big Island vetch	Hawaii.
San Diego mesa mint	California.
American peregrine falcon (Mount St. Helena)	California.
Light-footed clapper rail (South San Diego Bay)	California.
American bald eagle (Blackwater Addition)	Maryland.
Puerto Rican plain pigeon	Puerto Rico.
Hawaiin crow (Hualalai Forest)	Hawaii.
Big Island forest birds (Keauhou-Kilauea)	Hawaii.
Florida panther	Florida.
Hawaiin crow (Hamakua Forest)	Hawaii.
California condor (Hopper Mountain)	California.
Aleutian Canada goose (Faith-Mapes Ranch)	California.
Big Island forest birds (Hakalau Forest)	Hawaii.
Whooping crane (Matagorda Island)	Texas.
Columbian white-tailed deer	Oregon.
Yaqui topminnow	Arizona.
Commanche Spring pupfish	Texas.
Pecos gambusia (Diamond-Y Springs)	Texas.
American peregrine falcon (Eagle Bluffs)	Alaska.
Whooping crane (Aransas-Lamar Peninsula)	Texas.
Clear Creek gambusia	Texas.
Pecos gambusia (Blue Springs)	New Mexico.
Whooping crane (San Jose Island)	Texas.
Attwater prairie chicken	Texas.

BUDGET REQUEST

Senator McClure. Did you get this estimate as a target from OMB or is this your own request?

Mr. Jantzen. Mr. Chairman, this is our own request.

Senator McClure. You hesitated in saying that. [Laughter.]

Mr. Jantzen. The reason I did is I thought perhaps we ought to add "after negotiation."

Senator McClure. All right.

Are there other species that need protection?

Mr. JANTZEN. Yes, sir. We're talking about a matter of degree.

AMERICAN CROCODILE

Senator MCCLURE. Why did you propose to add money for the American crocodile when you have not obligated all of the existing money you have?

Mr. JANTZEN. Mr. Chairman, I will have to ask Mr. Schaefer to help me there, but we're in the process of working with landowners right now in the American crocodile habitat, and have other parcels that are under active consideration. We want to keep the impetus there.

Mr. Schaefer can give you additional information.

Mr. SCHAEFER. That about covers it, Mr. Chairman. Those are expensive lands under development. The pressures are great. And it was decided that the impetus must continue here.

Senator MCCLURE. Then the money that was already available was not sufficient. Is that correct?

Mr. SCHAEFER. That's correct.

Senator MCCLURE. Your statement mentions that both of these projects are continuations of on-going habitat preservation projects. The American crocodile habitat totals about 171 acres to date, and the 1983 request of $948,000 would increase this an additional 500 acres.

However, the total habitat preservation project size is estimated to be 7,100 acres. At $1 million for 500 acres, this will cost another $13 million. Is that the overall plan?

Mr. JANTZEN. Mr. Chairman, at this time this is our best estimate of the total acquisition of that habitat.

Senator MCCLURE. You haven't changed your target?

Mr. JANTZEN. No, sir.

KIRTLAND'S WARBLER HABITAT

Senator MCCLURE. The same analysis for the Kirtland's warbler would show that you've acquired 240 acres to date, that the 1983 program will add another 100 acres for $50,000, and that you ultimately would want to acquire 4,500 acres.

My estimate is that this would cost over $2 million total. Is that correct?

Mr. JANTZEN. Yes, sir.

Senator MCCLURE. If we were to look at a map of this area, wouldn't we find that the property to be acquired is intermingled with Forest Service lands and with Michigan State forests?

Mr. JANTZEN. Yes, sir, that is correct. These are inholdings. We are attempting to acquire those inholdings to assure a manageable block of land rather than two or three different ownerships.

Senator MCCLURE. Isn't the basic habitat management prescription for the Kirtland's warbler to burn these forested lands?

Mr. JANTZEN. Fire management is very critical as far as the recovery plan is concerned. Yes, sir.

Senator McCLURE. Well, couldn't the prescribed burning continue on the Forest Service and State lands without additional Fish and Wildlife Service acquisition costs?

Mr. JANTZEN. Mr. Chairman, I've been around fire management and control burning for a long time in my career. You are treading on extremely thin ice when you have private properties that are adjacent to controlled burns.

Senator McCLURE. Are you talking about acquisition only of the Forest Service lands?

Mr. JANTZEN. No; the inholdings within the State forest.

Senator McCLURE. I mean of the inholdings?

Mr. JANTZEN. Yes, sir.

EXCHANGE VS. PURCHASE

Senator McCLURE. Have you explored with the other agencies, the State agencies and the Forest Service, the possibility of acquiring these inholdings by exchange rather than outright purchase?

Mr. JANTZEN. Mr. Chairman, I will have to rely on Mr. Schaefer for that detail.

Mr. SCHAEFER. Exchange is a possibility there, of course, but as Mr. Jantzen says, the idea would be to get this manageable block and reduce the hazard to private landowners in this area.

We're talking about these parcels being subdivided further on down, and increasing numbers of people in there, and the proximity of fire that's——

Senator McCLURE. I understand that. But inholdings ordinarily can be exchanged for other Federal lands.

Mr. SCHAEFER. We will do our best to work exchanges as we can. And that is in the planning, all right. But to my knowledge I'm not aware of a proposal to use Forest Service lands in exchange for these properties, but we certainly can explore that possibility.

Senator McCLURE. Would you do so?

Mr. SCHAEFER. Sure.

Senator McCLURE. And provide for the record the information concerning your efforts as they go forward?

Mr. SCHAEFER. We'll be glad to.

[The information follows:]

THE USE OF EXCHANGES TO ACQUIRE STATE FOREST INHOLDINGS

The State of Michigan and the U.S. Forest Service have a cooperative exchange program to consolidate each of their holdings. Michigan also has an exchange program with private inholders to consolidate the State forest but it is not totally geared to Kirtland's warbler needs.

The lands the Fish and Wildlife Service plans to acquire within the State forest are only those tracts of high value for endangered species management. The Service is not engaged in a program to acquire any or all State inholdings; just those specifically identified as necessary to Kirtland's warbler management. We will meet with the State and do our best to have them concentrate on the identified privately owned Kirtland's warbler tracts for exchanges.

The Forest Service, of course, is conducting its own acquistition program within its forest boundaries and uses exchanges whenever possible.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. It seems to me that that's an opportunity in this particular area, both that and the State lands that are involved. I share your concern about prescribed burning where there are other ownerships involved. But certainly if it's all in Federal ownership you could make the necessary management designation to take care of that problem. And it would seem to me in this instance that the private lands and the State lands might very well be exchanged for other Federal lands in the area without the expenditure of this taxpayers' money.

Thank you very much for your statement. We may have additional questions. If so, if you will submit them, we will appreciate your prompt response.

Mr. JANTZEN. Thank you very much, Mr. Chairman.

Senator McCLURE. Thank you.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

LAND ACQUISITION

Question: During 1978 and 1979 The Nature Conservancy acquired ownership of certain properties at Wertheim, New York; Crooked Pond, Massachusetts; and Bear Valley, Oregon. Did the Fish and Wildlife Service encourage The Nature Conservancy to acquire any of these lands with the understanding that, at some future date, the Service hoped in turn to purchase the properties from The Nature Conservancy?

Answer: The Service provided The Nature Conservancy a letter of intent on each of these areas. The letter of intent usually identifies the specific property or properties and about when the Service anticipates the funding to purchase the properties if The Nature Conservancy acquires them. In the acquisitions referred to, the Service's anticipated funding was fiscal years 1981 or 1982 for Wertheim, 1981 for Crooked Pond, and as soon as possible for the Bear Valley Refuge. The priorities of these respective projects are relatively low, not within the top 5 of the 35 projects ranked for budget formulation. This letter also states that if the funding is not available within a reasonable period of time, this period being at their discretion, The Nature Conservancy can sell the properties on the open market to recoup their investment.

Question: What other lands has The Nature Conservancy or any other group purchased with the encouragement of the Fish and Wildlife Service?

Answer: In the past 10 to 15 years The Nature Conservancy, the Trust for Public Lands, the World Wildlife Fund and other similar non-profit organizations have been instrumental in preserving thousands of acres of wildlife habitat. It involved the organizations' acquiring of the properties and subsequent donations or purchases by the Service. Currently, the only properties being held for the Service's purchase with Land and Water Conservation Funds are the three mentioned and a property at Leetown National Fisheries Center. There were three additional properties but The Nature Conservancy was able to transfer these to other conservation organizations.

Question: Please provide for the record a listing of all such properties in priority order. Also, please indicate how these properties relate to the overall land acquisition priorities of the Fish and Wildlife Service.

Answer: The Service had thirty-five acquisition projects which were ranked by priority for budget formulation. The relation of these properties to the Service's overall land acquisition priorities is shown within the Priority column of the requested listing.

Fish and Wildlife Service
Land and Water Conservation Fund

Properties for Service Purchase Held by The Nature Conservancy.

Priority	Unit	
6 of 35	Plymouth Red-bellied Turtle, MA	- Habitat critical to the survival of this endangered species.
11 of 35	Bear Valley NWR, OR	- A major segment of one of the largest bald eagle roosts in the conterminous United States.
21 of 35	Wertheim NWR, NY	- Preserve lands adjacent to the refuge to protect the integrity of the Carmens River ecosystem.
30 of 35	Leetown NFC, WV	- Protection of the National Fishery Center's water supply.

Question: Is your decision not to purchase any of these properties to date based solely on funding limitations or are there other reasons? If so, please elaborate.

Answer: The properties are of low priority, given the results of the Service's budget formulation process and the Service would not purchase the properties in FY 1983 before several others.

Question: For deficiencies to be covered in 1983, please provide a table showing amounts desposited and estimated deficiencies, so the Committee can compare awards to deposits.

Answer: The Fish and Wildlife Service is not anticipating any deficiencies in fiscal year 1983.

Question: Prepare a brief statement listing the specfic cost elements being charged to the "acquisitions management" activity as contrasted to the "land acquisition" activity.

Anwser: Funds requested under the Acquisition Management line item, within the Land Acquisition appropriation, are used primarily to maintain a core realty staff for planning, coordinating, evaluating future acquisitions, land exchanges, and other alternatives to protect fish and wildlife resources. Funding is also used for incidential acquisition costs, including appraisals, negotiations, surveys, pro-rata share of taxes, title insurance, and relocation payments.

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

LAND AND WATER CONSERVATION FUND

Question: Please give the status of each project for which acquisition funds were made available in FY 1982.

Answer: The following table lists obligations through March for each project funded in FY 1982. Although one-half of the fiscal year has passed, the obligations represent the accomplishments for the past two months. The Service did not receive OMB apportionments until late

January and the funds were allocated to the regional offices in February.

Unit	Appropriation	Obligation as of 3/31/82	Remarks
Acquisition Management	$ 997,000	$ 61,000	
Alaska Maritime	1,920,000	1,920,000	Acquired 2,950 acres
Yaqui Topminnow	816,000	816,000	Acquired 2,309 acres
Bon Secour	3,360,000	37,000	Completed appraisals; $1,750,000 to be obligated in May to acquire 117 acres
San Francisco Bay	960,000	22,000	Appraisals contracted to be completed in June
Tensas River	4,800,000	0	Service ready to obligate its funds; awaiting Corps of Engineers to make their funding available
Bogue Chitto	1,920,000	277,000	976 acres acquired; an additional $323,000 to acquire 759 acres to be obligated by June
California Condor	1,151,000	13,000	Appraisals about complete. Anticipate $550,000 to acquire 894 acres to be obligated in May.
Trustom Pond	423,000	423,000	Acquired 63 acres
Emergency and Inholdings	144,000	101,000	$101,000 obligated for declaration of taking deficiency at Bear Valley
Total	$16,491,000	$3,670,000	

Question: What has been the impact of the 4% cut Congress adopted to the FY 1982 Interior appropriations bill on the acquisition programs?

Answer: The impact upon the Land and Water Conservation Fund acquisition program was minimal. The four percent cuts were made on each project. In some cases where there are insufficient funds for the lands, appraisals and closing costs, incidental acquisition costs are utilizing the Acquisition Management appropriation. In two cases the funding did not cover the necessary land costs. One required an $18,000 reprogramming of prior year carryover funds and the other was resolved by acquiring a reduced acreage.

Question: If the Congress were to make funds available for land acquisition, as we did last year, what would be the Fish and Wildlife Service's priorities assuming a total available level of a) $20 million b) $40 million and c) $60 million?

Please provide a comprehensive list, with full justifications, for the record. Also, please indicate funding needs for adequate staff to administer an acquisition program at each level.

Answer: On May 15, 1982, the Department of the Interior adopted a new land protection policy for use of the Federal portion of the Land and Water Conservation Fund. This policy places emphasis on the use of alternatives to full fee acquisition and method of protection. As part of the implementation process, the agencies are currently reviewing all existing land acquisition plans and revising them as necessary to comply with the new policy. The new land protection plans are scheduled to be completed and approved by the Directors of each agency/bureau and the appropriate Assistant Secretaries by fiscal year 1984. New land protection plans will be completed first on areas which have acquisition funds currently available. When the plans are completed, we will know what level and method of protection is most cost effective, thereby identifying the amount of funding necessary to protect these areas. Until that time, we are unable to indicate how any additional funds would be spent to acquire lands in specific areas.

Question: In your judgement, are there any authorized areas which we will risk losing the opportunity to buy this year if no acquisition funds are made available? If so, please specify which these are and why?

Answer: There is always a risk of losing opportunities to purchase lands when funds are not available. Even properties currently not for sale at any price, can overnight be placed on the market due to financial or personal hardships. We are dealing with individuals who have the ability to destroy habitat or place their property on the market at their desire.

Specifically, the Service could lose the opportunity to buy Tensas River National Wildlife Refuge. The Corporation owning nearly the entire project initially proposed a 3-year acquisition, beginning in FY 1980. The first purchase would be in FY 1982. If a purchase is not made by the Service in FY 1983, the Corporation may decide to take the offer made by another interested buyer.

Other specifically authorized areas in which we could lose opportunities to purchase are Bon Secour Refuge's smaller recreational properties and Minnesota Valley Refuge's land to commerical or industrial development interests. Specifically legislated boundaries tend to reduce the interest of buyers for the properties. However, when an acquisition program is curtailed for a couple of years this interest would begin to pick up momentum.

Question: As you know, I authored legislation in the 96th Congress to create a 50,000-acre refuge in north Louisiana comprised of the only known stand of southern redwoods, the Tensas River National Wildlife Refuge. Last year, I offered an amendment to the Interior appropriations bill to provide an initial $5 million to F&WS to begin acquisition, an amount later reduced to $4.8 million. In addition, funds were also provided to the Corps of Engineers for their part of the acquisition.

I have been closely and personally following the complicated negotiations to begin the acquisition program, a program which has my full support and I might add the support of Governor Treen, Congressman Huckaby, Senator Long and over 100,000 Louisianians.

Despite our best efforts to authorize the area and to provide funds for it, and I might add the full cooperation of the Fish and Wildlife Service, no progress has been made.

Will you please provide me with a status report on your efforts to develop a coordinated strategy with the Corps to get the acquisition program underway.

Answer: In March, the Assistant Secretary for Fish and Wildlife and Parks sent a letter to the Assistant Secretary for Civil Works, Corps of Engineers, requesting that the Corps proceed as soon as possible with the acquisition of the Tensas River National Wildlife Refuge.

On April 2, staff of the Service met with the OMB examiner for the Corps to reconcile the differing OMB positions in regards to available Service funds and withheld Corps funds for Tensas. It was learned here that the Corps requested OMB to withhold the apportionment of this funding and were contemplating the Tensas appropriation to be part of the Corps' $50 million slippage reduction. However, about two weeks later, the Corps' Vicksburg Office contacted the Service to formulate this year's acquisition plan for the Tensas Refuge.

Question: Do you have any suggestions for action I can take to try and help get this underway?

Answer: As of this moment, it appears the Tensas acquisition would be initiated this fiscal year.

Question: It is my understanding that Sandy Point on St. Croix has been designated by the Fish and Wildlife Service as a critical habitat for an endangered species, the leatherback turtle. It is my further understanding that the Interior Department wants to acquire this spectacular beachfront property and that the Department's intent was so stated in the November 1981 Technical Bulletin.

Is this correct?

Answer: The November 1981 Technical Bulletin stated that the Director has approved the acquisition. This does not indicate Departmental intent to acquire.

Question: How much will it cost to acquire this tract?

Answer: A lot will depend upon the boundaries involved, sand mining reservations, restrictions and other details affecting the market value of the property. The Service's preferred boundary is only a part of the ownership. We recently requested the regional staff to conduct the appraisal. The cost could vary from $1 million to $3.5 million depending on the cited factors affecting the evaluation of the property.

Question: Did you recommend this tract for funding to the Secretary in the FY 1983 budget preparations?

Answer: The FY 1983 Service request was formulated in February 1981, and habitat for the Leatherback sea turtle was not approved at the time nor requested to the Department.

Question: Did the Department recommend to OMB that it be funded?

Answer: No. Since it was not within the Service's request, the Department would not be expected to recommend it to OMB.

Question: Is the Department prepared to support an amendment in the amount necessary to acquire the parcel in the FY 1983 budget request?

Answer: As a part of the effort to control inflation and to restore confidence in our Nation's economy, the Department would not support funding for additional land acquisition. The decrease in funding for the Federal portion of the Land and Water Conservation Fund is part of an overall commitment to acquire less Federal land during this period of fiscal austerity. Instead, the Department has placed a priority on improved stewardship.

Question: Is the Department prepared to submit a request for acquisition of the parcel in FY 1984?

Answer: From indications of the present economy and necessary budget constraints, an austere land acquisition program may also prevail in FY 1984. Since the FY 1984 budget is in an initial formulative stage at this time, individual property priorities at the Department level are unknown.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENT OF DOUGLAS R. LEISZ, ASSOCIATE CHIEF

ACCOMPANIED BY:

VERNON V. LINDHOLM, ASSISTANT DIRECTOR FOR ACQUISITION AND EXCHANGE

ROBERT E. GORDON, DEPUTY DIRECTOR FOR PROGRAM DEVELOPMENT AND BUDGET

PREPARED STATEMENT

Senator McCLURE. Next we will hear from Mr. Doug Leisz, representing the Forest Service. The Forest Service 1983 request is for $7,563,000, a reduction of $18,699,000, a 71-percent reduction from 1982 appropriations to date.

Mr. Leisz, if you will introduce your colleagues for us, you may proceed with your statement as you see fit. And it will, of course, be inserted in full in the record.

[The statement follows.]

STATEMENT OF DOUGLAS R. LEISZ

I appreciate the opportunity to appear before this committee and share with you the Forest Service Land and Water Conservation Funds programs for fiscal years 1982 and 1983.

Before discussing the budget proposal for 1983, I would like to mention what was accomplished in 1981. A total of 236 million recreation visitor-days were recorded on the national forests in 1981, an increase of 2 million over 1980. Forty percent of all recreation visitor-days on Federal land occur on national forests. These visits included such activities as hunting, fishing, boating, canoeing, swimming, hiking, wilderness experience, and simply enjoyment of the natural beauty of the great outdoors.

In fiscal year 1981 the Forest Service acquired or had under contract to acquire over 100,000 acres of land at a cost of $46.6 million.

For fiscal year 1982, as of March 30, we have obligated $9.6 million involving the purchase of 5,627 acres.

For fiscal year 1982, $39.4 million of the LWCF appropriation was allocated to the Forest Service. In fiscal year 1982, $26.3 million of the LWCF was appropriated directly to the Forest Service. For fiscal year 1983, the Forest Service LWCF proposal is $7.6 million. This will provide for closing cases already under binding contracts, supporting the Department of Justice for court preparation work on cases filed in previous years, continue the shut down of existing project locations, and meet some court deficiency awards. No new purchases will be started. In addition, land exchange will be heavily used to acquire priority lands so some cash equalization funds from the LWCF will be used for this purpose.

With the total funds appropriated through fiscal year 1982, land acquisition will approximate 42 percent of the total authorized claims. The Forest Service has remaining authorized claims of approximately 1.9 million acres at a total cost of about $1.7 billion. However, we are proposing to postpone new purchases to achieve the increased output goals for other Forest Service programs. The decrease of about $19 million from the fiscal year will defer acquisition of lands until such time as the economy improves and consideration can be given to acquiring critical lands. However, we plan to realize some acquisition needs through exchange and donation procedures.

Mr. Chairman, this concludes my opening remarks. I would be pleased to answer any questions you might have or furnish whatever additional information you desire.

INTRODUCTION OF ASSOCIATES

Mr. LEISZ. Thank you, Mr. Chairman. On my left is Vernon Lindholm, from our Lands Staff Group, and on my right, Bob Gordon, from our budget office.

SUMMARY OF WITNESS STATEMENT

Mr. Chairman, I appreciate the opportunity to appear before the committee to outline the Forest Service Land and Water Conservation Fund program.

Before discussing the budget proposal for fiscal year 1983, I would like to mention the accomplishments for fiscal years 1981 and 1982. A total of 236 million recreation visitor-days were recorded on the national forests in 1981, an increase of 2 million over 1980. Forty percent of all recreation visitor-days on Federal land occur on national forests.

For fiscal year 1981, $39.4 million of Land and Water Conservation Funds were made available to the Forest Service, and we had some carryover funds from the prior year. In fiscal year 1981, the Forest Service acquired, or had under contract to acquire, over 100,000 acres of land at a cost of $46.6 million.

In fiscal year 1982, $26.3 million of Land and Water Conservation Funds were appropriated directly to the Forest Service, and we had an additional $16 million of carryover funds. As of March 30 we have obligated about $10 million involving the purchase of 5,600 acres.

For 1983, the Forest Service land and water proposal is $7.6 million. We also estimate there may be about $10 to $15 million of carryover funds. This will provide for closing cases already under binding contracts, supporting the Department of Justice for court preparation work on cases filed in previous years, and continuing the shutdown of existing project locations, and funding some court deficiency awards. No new cases will be started. In addition, land exchanges will be heavily used to acquire priority lands so some cash equalization funds from the Land and Water Conservation Fund will be used for this purpose.

With the total funds appropriated through fiscal year 1982, land acquisition will approximate 42 percent of the total authorized claims. The Forest Service has remaining authorized claims of approximately 1.9 million acres at a total estimated cost of $1.7 billion.

However, we are proposing to postpone new purchases to achieve the increased output goals for other Forest Service programs. The decrease of about $19 million from the fiscal year 1982 appropriation level will defer acquisition of lands until such time as the economy improves and consideration can be given to acquiring critical lands. However, we plan to realize some acquisition needs through exchange and donation procedures.

Mr. Chairman, that concludes my opening remarks. I would be pleased to answer any questions you may have.

FISCAL YEAR 1983 L&WCF COSTS

Senator McClure. Thank you very much, Mr. Leisz.

Is all of the 1983 request for court awards and deficiencies?

Mr. Leisz. I'm sorry, Mr. Chairman?

Senator McClure. Are you planning other acquisitions that are covered by this budget request, or is it all for court awards and deficiencies?

Mr. Leisz. The $7.6 million approximately for 1983 does include some administration costs, as well as some deficiency awards.

Senator McClure. How much are the administration costs?

Mr. Leisz. About $4 million.

Senator McClure. So over half of it is administration costs?

Mr. Leisz. Yes, sir. And that's because we still have the processing of the previous years' cases proceeding along. And we expect, as I mentioned in my statement, about $10 to $15 million of carryover moneys to go into fiscal 1983. Administration dollars are needed to help us do the processing of cases.

Senator McClure. Well, that would indicate, then, you have something on the order of $18 or $19 million of total dollar activity for which you have a management budget of $4 million?

Mr. Leisz. That's correct.

Senator McClure. Isn't that abnormally high?

Mr. Leisz. It would be if that were all just for purchase. But we've spent a lot of effort in terms of land exchange cases and donation cases. We've been successful in some of those and we use some Land and Water Conservation Fund money to equalize values in land exchange cases. So we do spend considerable staff effort in that direction as well.

Senator McClure. That would be for land exchanges outside of acquisitions?

Mr. Leisz. That includes——

Senator McClure. Outside of the dollar amount of acquisitions?

Mr. Leisz. Yes.

LAND EXCHANGE VOLUME

Senator McClure. What's the volume of land exchanges that you expect during 1983?

Mr. Leisz. I'm a little uncertain because the cases are still forming on that. But, for example, in fiscal year 1981, we did complete about 100,000 acres of exchange cases.

Senator McClure. How many individual exchanges were involved in that 100,000 acres?

Mr. Leisz. May I supply that for the record? I don't recall that.

Senator McClure. If you would, please. I'm a little startled by the fact that you've got a request in here where over half the money is for management. And obviously I want to find out why.

[The information follows:]

FISCAL YEAR 1981 LAND EXCHANGE VOLUME

In fiscal year 1981, the Forest Service approved 160 exchanges totaling 106,015 acres to be acquired.

BOUNDARY WATERS CANOE AREA

Senator McCLURE. I want to look at whether or not—I won't ask that question because I know you can't answer it—whether you're anticipating Congress is going to do something different than the Administration is suggesting with respect to this proposal in the budget.

Why haven't you included the Boundary Waters Canoe Area as a deficiency?

Mr. LEISZ. Well, we have $2.9 million still remaining from previously appropriated funds in the Boundary Waters Canoe Area, and we do have some cases that are under appraisal at the current time.

Senator McCLURE. Well, that $2.9 million won't provide for all of the acquisitions that are mandated by the Act, will it?

Mr. LEISZ. No, that's correct.

Senator McCLURE. But they are mandated by the act, are they not?

Mr. LEISZ. Yes, sir.

Senator McCLURE. Then, again, why aren't you including the amounts expected as a deficiency?

Mr. LEISZ. Well, in a number of cases it's up to the people that own the property to come to us and tell us that they want those lands acquired. It's not mandated that we acquire everyone of those.

Senator McCLURE. So there are two different estimates that are involved. As I understand it, you already have almost $2.9 million in resort purchase requests on hand and anticipate the buy-out requests, is that not correct? You've got five on hand now, have you not, of the resort purchases already in hand that have not been paid for?

Mr. LINDHOLM. I believe we have five on hand that haven't been paid for, but they do not have to accept our offers. They may decide to go someplace else and sell them. We make the offer, and it is not binding on them to sell to us.

Senator McCLURE. What is the estimated cost if you buy those five?

Mr. LINDHOLM. I'm not too sure that we have that figure here at this time.

Senator McCLURE. Senator Durenberger said it was $1,275,000.

Mr. LINDHOLM. That's probably correct, sir.

Senator McCLURE. Could you provide that for the record?

Mr. LEISZ. We certainly can.

[The information follows:]

Boundary Waters Canoe Area wilderness cases pending

Name	*Cost*
Burley	$349,050
Canadian border	353,600
Deer trail	384,500
Ellis	490,357
Fall Lake	351,650
Quetico Superior	371,600
Skala	702,030
Total	3,002,787

SELLING OF RESORTS

Senator McCLURE. How many do you anticipate during 1983?

Mr. LINDHOLM. There are 10 resorts that are considering selling, but we do not know exactly if any of those will sell.

Senator McCLURE. Have you included any money at all for those 10?

Mr. LINDHOLM. Not in the estimate.

Mr. LEISZ. Not in the 1983 budget request.

Senator McCLURE. Do you anticipate that none of the 10 will ask you to buy?

Mr. LINDHOLM. Some of them will ask.

Senator McCLURE. Some will ask. But you haven't requested any money for them?

Mr. LEISZ. No; We're not certain that that will actually occur in fiscal year 1983.

Senator McCLURE. What happens if it does?

Mr. LEISZ. If it does, depending on other priorities, we would likely ask to reprogram some of the carryover money.

Senator McCLURE. You do have a legal obligation to purchase, to make an offer if they request.

Mr. LEISZ. Yes; we do.

Senator McCLURE. That's not an optional question any more than a court award is, is it? You are mandated by the statute to make an offer if they request?

Mr. LEISZ. Yes.

Senator McCLURE. It would seem to me that that ought to be treated as a deficiency, if you could make an estimate of what it would be. And certainly somewhere in this year you're going to have some additional requests. I think your land managers know that to be a fact, don't they?

Mr. LEISZ. We've done our best to identify those priority cases which we feel are fairly certain to come up. And we've tried to hold that purchase list down to the very minimum level.

Senator McCLURE. But this is not one which you control. It's one which the landowner controls, isn't that a fact?

Mr. LEISZ. Yes.

Senator McCLURE. It's something like a court award, but it's out of your control. If the landowner comes to you in fiscal year 1983 and says, "I want to sell, make me an offer," you're bound by law to make him an offer.

Mr. LEISZ. We would——

Senator MCCLURE. That isn't something you put on a priority list and say, "I don't want to make you an offer this year; I'll wait until next year and make you an offer."

Mr. LEISZ. Yes; if he does come to us with such a request, we go ahead and make an appraisal. We then try to schedule the acquisition as soon as we have an agreement on purchase price, using whatever funds could be made available, either through reprograming or fiscal year 1984 acquisition dollars.

PROCESSING BWCA CASES

Senator MCCLURE. But, Mr. Leisz, you don't have the legal option of waiting until fiscal year 1984, do you?

Mr. LEISZ. We do have some opportunity to delay cases.

Senator MCCLURE. Well, certainly you can delay. But is that a legal provision or a practical use of administrative authority? Doesn't the statute very clearly state that if he offers you the resort you must make an offer of purchase?

Mr. LEISZ. Yes; we have worked with that, making sure that we have funds available to carry that out at the time we make an offer.

Senator MCCLURE. But if, as a matter of fact, he makes the request, you do not have the authority to delay for 6 months or a year giving him an offer?

Mr. LEISZ. I think, Mr. Chairman, that in fact we could delay for a short period of time in consummating an exchange, depending upon the availability of money.

Senator MCCLURE. Of money? You think you have the legal authority to, or you can stall him that long?

Mr. LEISZ. No; we try not to stall cases when they're ready for processing. But we do have an obligation to make sure that the funds are available at the time we proceed to make a commitment for the United States.

Senator MCCLURE. Of course you do. And that's where your responsibility comes in and your appropriations request.

Mr. LEISZ. Yes.

Senator MCCLURE. It doesn't come in on the other end, in which you can drag the property owner around by saying, "I'm sorry, we just don't have the money; therefore we can't comply with the law."

Mr. LEISZ. If we had more certainty in knowing just what's in the minds of the owners who still own those properties, we would be able to project those more accurately.

Senator MCCLURE. I understand. But you've made no provision for it at all.

Mr. LEISZ. That's correct.

Senator MCCLURE. And you know, certainly, as you sit there, that there will be at least some coming in this year.

Mr. LEISZ. Yes, sir.

Senator MCCLURE. And you've made no provision at all for it. Now that's not honest budgeting.

Mr. LEISZ. We do have the $2.9 million——

Senator MCCLURE. All right. You've got $2.9 million.

Mr. LEISZ. Yes.

Senator MCCLURE. And that's enough to take care of all of the requests that have been submitted to you so far?

Mr. LEISZ. I'd want to check the record on that one.

Senator MCCLURE. Would you?

Mr. LEISZ. Yes.

Senator MCCLURE. Can you tell me honestly today that you believe the $2.9 million will cover all of the existing requests, together with all that you anticipate being made during 1983?

Mr. LEISZ. I think we'd be indeed fortunate if we did. That would be on the very low side.

Senator MCCLURE. When you look at deficiencies in court awards for acquisitions you make estimates of how much money will be required to pay for acquisitions under court suits. That will include the amount you pay into court. It will include also the anticipated numbers of cases that will be settled during 1983, completed payments made, does it not?

Mr. LEISZ. Yes.

Senator MCCLURE. You make a judgment as to how much may be required to be paid in 1983?

Mr. LEISZ. Yes; we do.

Senator MCCLURE. You don't just say, "Well, we won't pay it because we don't have money." You make an estimate of how much will come up. But here in this instance you're in effect saying, "Well, we have the opportunity to delay it, so we won't make any estimate; we won't include any money."

They're both legal obligations. I don't think you can do that as a matter of law. As a matter of fact, if the record sustains it, maybe the Federal Government would be liable in damages. Perhaps we ought to make the Government liable in damages for deliberate and intentional delay in making legal awards to people that have, under the law, a right to ask for those awards.

Mr. LEISZ. We have not set up any program to deliberately delay or avoid any process of purchase in any of those cases.

Senator MCCLURE. Well, I want some information for the record, if you will supply it. We will submit questions with respect to that. But I'm very concerned that you have not made adequate provision, and will try to develop a record that indicates whether you have or have not. If you have not, perhaps we will try to make that adjustment.

COURT AWARDS AND DEFICIENCIES

Do you currently know of any court awards or deficiencies that may come due in 1983 that are not included in your estimates other than the one we've discussed on the Boundary Waters Canoe Area?

Mr. LEISZ. No; we've estimated we have about $26 million of deficiency awards at this time. And that is a combination of some pretty firm figures and some others that haven't quite shaped to that point yet. But as each one of those comes along to a point of award, we're doing the best we can to refine the estimate. The process we follow is to make an appraisal of the value at the time of taking, and that's the amount, the fair market value for the land, that's actually put in and held aside for the court award.

Now the courts don't always agree with our determination of fair market value.

Senator McClure. I understand that. And as I said to a previous witness—and I think you heard that—I'm concerned where, not on an individual case basis there is a disparity, but where there's a gross disparity as a matter of pattern. I think both you and I should be concerned.

Mr. Leisz. Yes.

Senator McClure. In your deficiencies and estimates of court awards, do you include composites, inholdings, and cash equalization funding in the deficiency category?

Mr. Lindholm. There may be a small amount for a few composite cases, like on the Red River Gorge in Kentucky. But that's about the only area where we are condemning land outside of congressionally designated areas.

Senator McClure. And how much money is involved in that?

Mr. Lindholm. Oh, probably a couple $100,000, off the top of my head.

Senator McClure. Could you provide a figure for the record, please?

Mr. Lindholm. Yes.

[The information follows:]

Estimate of Deficiencies

The estimate of deficiencies in high priority composites, such as the Red River Gorge in Kentucky, is $2,500. There are no estimated deficiencies in the inholdings and cash equalization categories.

ALPINE LAKES

Senator McClure. You've indicated that you made a judgment, Mr. Leisz, as to the court awards and the amount of deficiencies that might be assessed, and that your figure is——

Mr. Leisz. $26 million currently.

Senator McClure. $26 million is adequate to cover those, to the best of your judgment?

Mr. Leisz. Yes, sir.

Senator McClure. How about the Alpine Lakes question? There is an estimated deficiency, I understand, on that one of $20,440,000.

Mr. Leisz. That's correct.

Senator McClure. Is that included in your $26 million?

Mr. Leisz. We have completed a couple of the cases there through a combination of land exchange and cash equalization. We think the figure of $20 million is reasonable.

Senator McClure. And that's included in the $26 million?

Mr. Leisz. That's included.

Senator McClure. So you're only anticipating somewhat less than $6 million for all the other cases?

Mr. LEISZ. Yes, sir.

PROPERTY REVIEW BOARD

Senator MCCLURE. Will you share with the committee your understanding of the operations of the Property Review Board?

Mr. LEISZ. With the new thrust?

Senator MCCLURE. For the disposal of surplus lands and property.

Mr. LEISZ. Well, the criteria are still being shaped. The program description certainly puts very heavy emphasis on the identification of lands that are critical to public needs for retention. I see no threat to wide-scale disposal of lands in our discussions so far, but there is direction to identify lands that are surplus or could be made available for disposal.

We've had some successes in terms of expanding existing communities and disposing of some of the properties. But we're still in the process of working with the policy direction people from the Office of Management and Budget and the other agencies in defining that program.

Senator MCCLURE. Well, there is, of course, a great deal of controversy surrounding the proposal, and a great deal of public misunderstanding, or perhaps I should say public concern about what is really meant by it. I said "misunderstanding," apparently it's impossible to have a misunderstanding because apparently no one has an understanding.

I guess the public could be forgiven for not understanding if the administration doesn't.

Mr. LEISZ. I think the concepts and directions were to look at Federal and State lands and identify those lands that weren't really necessary for retention in public ownership. But that can raise concerns among people in saying, "Well, whose judgment will that be." And that could be a subjective thing. I think that's where some of the fears are right now as to how broad that program may be.

Senator MCCLURE. Well, certainly we are concerned. I think the public is concerned.

FOREST SERVICE LANDHOLDINGS

You have indicated, as our previous witness has indicated, that no criteria have yet been established. For example, is the Forest Service currently reviewing its landholdings? I would understand that you are taking a look at your landholdings.

Mr. LEISZ. Yes; we are.

Senator MCCLURE. But you have to review those against some kind of standards. Are you looking to determine whether or not there are lands that are unused?

Mr. LEISZ. Yes; we are.

Senator MCCLURE. Well, I assume that there's no Forest Service lands or public lands anywhere that are totally unused. If somebody uses them or something uses them—it may be a Kirtland warbler someplace—but certainly there are birds and animals that use every acre of land, as well as people that may use every acre of land.

So I would assume that in a broad sense you could say no lands are unused. You could make a survey and come up with, in that category, zero. Then you will go through and say, "But they're underutilized."

Again, what is the standard against which we determine whether they are appropriately utilized?

LAND UTILIZATION STANDARDS

Mr. LEISZ. Mr. Chairman, let me use an example or two, if I may, that would help us. Periodically we do change our use of administrative sites. And we have some, for example, that are outside the forest boundary that we no longer have use for.

Now we have identified those areas, as we have in the past, that should be disposed of. And we normally turn to the General Services Administration for disposal of that category of lands.

And then, in a case or two, we've had experimental areas that have been outside of forest boundaries where we have carried on some specific experimental work. When that work is concluded, we have indicated that those lands have then passed the use for which they were acquired. But there are some very limited categories of that nature.

Senator MCCLURE. I would understand that, and I think the public would understand that. But is that where it stops?

Mr. LEISZ. Well, there is still a great deal of discussion about where the threshholds should be for retention and disposal. And I think that's where the concern focuses for the public, and certainly for those of us who have been in natural resources work in our entire careers.

Senator MCCLURE. Well, I'm concerned about that. Are you looking at whether or not the lands are meeting program output?

Mr. LEISZ. We're looking at the relative utility of those lands.

Senator MCCLURE. Relative utility for what purpose?

Mr. LEISZ. For the purposes of the national forests.

Senator MCCLURE. National forest surface lands and multiple use lands?

Mr. LEISZ. Yes.

Senator MCCLURE. What is the purpose of those lands? If they're multipurpose, how would they be underutilized? How would they fail to meet output demands if they're multiple use?

Mr. LEISZ. Well, we've at various times identified lands that could be used for exchange purposes, when we can look to lands that are more valuable in terms of the combination of uses they offered and the lands we give up. And it's some of this comparative judgment that is being used in the review process.

Senator MCCLURE. Well, I think that's a very useful exercise when you're looking at exchanges because you can compare this land to that land and say the composition of uses on this land is greater than the value of uses on this land, and we would rather have this than that.

Mr. LEISZ. Yes.

Senator MCCLURE. Or they're at least equal. But in this instance we're saying we're looking at this land not in order to balance it against acquiring some other land for other multiple uses, we're going to dispose of the land because it's no longer worth retaining in Federal ownership.

It seems to me that we've got a very difficult question of what is the criteria by which you make that decision. I don't know of any land that has forage that isn't being grazed—do you?—that is suitable for grazing that is available for grazing?

Mr. LEISZ. I know of some, but it's rather minor, and the location makes it uneconomical.

Senator MCCLURE. It's very remote. You could look at that land, then, and say, "OK, graze it; it has no value other than grazing." Presumably it probably doesn't produce merchantable timber, in that particular location merchantable in the economic sense.

It doesn't have recreation value that's worth retaining. Recreational value by what standard? Are you going to measure how much recreational use the land has before you determine whether or not it should be disposed of?

Mr. LEISZ. We certainly would, yes.

Senator MCCLURE. Are you going to measure the amount of habitat for fish and game?

Mr. LEISZ. Yes, sir.

Senator MCCLURE. Are you going to measure the watershed values before you determine whether or not it should be retained?

Mr. LEISZ. Yes, sir.

Senator MCCLURE. Well, I would suggest when you finish all of that evaluation there won't be any that is excess, is that correct?

Mr. LEISZ. I think there will be some areas that could be made available through sales, but certainly we don't anticipate a large area of the national forest.

SALE OF FOREST SERVICE LANDS

Senator MCCLURE. According to a press report the Forest Service was planning to offer about 200,000 acres of land. Is that an accurate statement?

Mr. LEISZ. No, sir, it is not. I think that indicates one of our inventory approaches at the current time. We haven't resolved anything at our policy level with respect to that. That's simply a preliminary look at some figures, where we have identified that there might be up to that much acreage that relates to small tract disposal, where there have been trespass cases and other things. But that would not be an accurate reflection of what we expect to end up with in a final inventory of what might be disposed of through sale.

Senator MCCLURE. When do you anticipate the criteria will be developed by which you could make a judgment? You're in the process of reviewing, and certainly the people that are reviewing have something in mind. You already know how many acres are within boundaries of the Forest Service.

Mr. LEISZ. Yes.

Senator MCCLURE. You already have an inventory of total lands that are owned. You've indicated that you will look first at those lands that are outside the boundaries of the Forest Service——

Mr. LEISZ. Yes, sir.

Senator MCCLURE [continuing]. To determine whether they still have reason to be retained for the purposes for which they were acquired in the first place. Now do you have the figures on those parcels that are outside the boundaries of the national forest?

Mr. LEISZ. We haven't collected that from all our units yet. But we're in the process of doing that.

Senator MCCLURE. But that's one of the criteria?

Mr. LEISZ. Yes.

Senator MCCLURE. Now you're looking at all the rest of your lands.

Mr. LEISZ. Yes.

Senator MCCLURE. Well, you know, I suspect I can within my own office pull off the shelf some book that has a listing of all the acres that you have. So that in itself is not what you're looking at?

CRITERIA USED IN THE REVIEW PROCESS

Mr. LEISZ. No; In fact, we use some criteria to very quickly sort out some areas for further consideration.

Senator MCCLURE. What are those criteria?

Mr. LEISZ. Let me provide an example. We've pulled out all of the areas that are within existing wildernesses, wild and scenic river areas, and other special congressionally appropriated——

Senator MCCLURE. Those are excluded from your review?

Mr. LEISZ. Yes.

Senator MCCLURE. All right. What's included in your review?

Mr. LEISZ. We looked at some categories—if I might give one, we wanted to identify those areas in which we have retained some mineral rights in land but no surface control over land. We identified those areas.

Senator MCCLURE. You're talking about selling mineral rights?

Mr. LEISZ. Well, we're talking about giving that consideration. And we wanted to know how much was there and what the values would be. That would be an example of what we are looking at.

Senator MCCLURE. Who is doing the looking?

Mr. LEISZ. We asked each of our regions and our forest supervisors. We've asked for the information down to the field level where these reviews and evaluations will occur.

Senator MCCLURE. All right. Could you provide for the record what you've told them to review and evaluate?

Mr. LEISZ. Yes, sir.

Senator MCCLURE. And how they're supposed to review and evaluate it.

Mr. LEISZ. Yes; at this point it's largely responding to some categories of land and the evaluation process will take place later following that.

Senator MCCLURE. I understand that. And I would understand that whatever you've done at this point is rather preliminary. You probably have to go back and take another cut at it, look at it with greater detail. But you're developing some gross figures, and in that process you will also uncover some of the problems as well as some of the opportunities.

Mr. LEISZ. Yes, sir.

Senator MCCLURE. Then you will refine that and go back and take another look based upon the refinement. I will assume that that's correct.

Mr. LEISZ. Yes.

Senator MCCLURE. We'd like to be able to track with you that effort. And for that reason, if you could submit for the record what it is you have told your people to do. They don't just run out and do something without direction, so there is a directive someplace that indicates what it is they're supposed to do.

Mr. LEISZ. Yes.

[The information follows:]

5450 Title Claims, Sales, and Grants Date MAR 29 1982

Proposed Land Sales Program

Regional Foresters and Station Directors

REPLY DUE APRIL 12

Enclosed are guidelines for use in the identification of National Forest System lands and research lands and facilities necessary to retain in Federal ownership and those to inventory which meet criteria for potential disposal.

You should complete the enclosed reporting form, National Forest System Lands Meeting Criteria for Potential Disposal, for each county having lands or facilities you identify for potential disposal. Show the acreage for each category listed, the acreage of mineral estate included, and the estimated fair market value of the property identified. Discussions of mineral estates, research lands, and facilities are enclosed for further guidance.

Show the approximate square feet of space and an estimate of market value for any facilities identified for disposal.

We realize the amount of information requested and the short turnaround preclude a precise inventory but to the greatest extent practicable, Regions should identify the specific lands on each unit that meet the criteria for potential disposal. We do not want to conduct a second inventory because of inadequate data to meet OMB requirements and we want to be able to live with what is reported. Do the best job possible in the time available. No maps or legal descriptions are needed at this time.

We must have your best estimates in hand by April 12 for us to develop the three sales program levels and send the final report to OMB by April 23. Questions should be addressed to Dick Pederson, Lands Staff Unit, 235-2496.

Gary E. Cargill
GARY E. CARGILL
Associate Deputy Chief

CATEGORIES OF SURFACE AND SUBSURFACE ESTATES FOR RETENTION IN THE NATIONAL FOREST SYSTEM

It is not the intent of the President's proposed land sales program to negate the purposes for which National Forest System lands were established. Generally, then, those lands necessary to meet the Resources Planning Act program outputs or other long-term demands required of the Forest Service will not be identified for sale at this time. Examples of lands with special value which should not be identified for disposal include:

--Wilderness, recommended wilderness, further planned areas, and congressional wilderness areas,

--Wild and Scenic Rivers, recommended rivers, and study rivers,

--National, recreation, and scenic trails or recommended trails and study trails,

--Research natural areas,

--Areas designated or being considered for cultural or natural history,

--Areas of critical environmental concern, e.g., Lake Tahoe,

--Other congressionally designated areas, e.g., National Recreation Areas, wild horse and burro territory, municipal watersheds, and sustained yield units,

--Areas of last remaining key wildlife habitat and other critical or essential plant and animal habitat for threatened, endangered, and sensitive species,

BEST COPY AVAILABLE

BEST COPY AVAILABLE

--Recreation areas including charge special-use areas, such as ski areas and summer home areas,

--Areas under charge special-use permits (rights-of-way, etc.),

--Lands and facilities necessary to fulfill the research role,

--Seashore, riverfront or lakefront, and riparian properties,

--Forest Service and USDA designated areas (e.g., geologic and special game ranges),

--Areas withdrawn for Federal Power withdrawal or under use permit for power purposes,

--Critical fire risk or hazard areas,

--Areas previously purchased under special acquisition authorities such as L&WCF or Federally-owned land which would meet the criteria for acquisition under these authorities if they were now privately owned,

--Areas in selected land status of reasonably active land exchanges,

--Mineral estates leased, with leases pending or with medium to high potential for oil, gas, coal or geothermal development, or other high value leaseable minerals would likely be retained and,

--Lands incumbered with mining claims would usually be retained. Exceptions will be listed separately on Item 11 of the inventory form.

Factors to Consider in Retention or Disposal of Mineral Estates

1. Consider potential income from mineral development, costs of retention, effect on purchase price if reserved or not reserved, and estimated costs to appraise mineral value.

2. In estimating the value of mineral estates, use existing information, such as low, medium, or high potential for minerals.

3. In cases where the mineral estate is owned by the United States but not the surface, determine whether the public values can best be met through disposal or retention of the minerals.

FOREST SERVICE RESEARCH LANDS AND FACILITIES NOT TO BE CONSIDERED FOR DISPOSAL

All lands and facilities owned by the USDA-Forest Service that:

(1) Are necessary for the conduct of renewable resource research as authorized by the Forest and Rangeland Renewable Resource Research Act of 1978 (P.L. 95-317).

(2) Are necessary to assure maintenance of long-term field research, to serve as benchmark or baseline study sites, to provide representation of major or important ecological and geological conditions, or to protect natural diversity.

(3) Are necessary to support monitoring activities required by the National Forest Management Act of 1976 (P.L. 94-588) Section 6(g)(3)(C)--"research on and (based on continuous monitoring and assessment in the field) evaluation of the effects of each management system to the end that it will not produce substantial and permanent impairment of the productivity of the land."

(4) Are necessary for current or anticipated studies, trials, and demonstrations in a broad array of natural resource activities.

(5) Are necessary for use by cooperators in order to successfully complet joint efforts essential to meeting part of the Forest Service Research mission.

To be considered as necessary, lands dedicated to research must be needed to conduct studies of approved Forest Service Research programs as identified through national and Station research planning programs (Title XIV of the 1981 Agriculture and Food Act, P.L. 97-98, and FSM 4151). The need for specific research to be established in Experimental Forests, Ranges, and other dedicated research areas is documented in Research Work Unit Descriptions, problem analyses, study plans, and other reports.

Much of the Forest Service Research mission can be and is conducted on lands owned or administered by States, forest industry, nonindustrial private owners, and other Federal agencies. However, establishment of studies on lands owned and administered by the Forest Service is necessary for certain kinds of research. For example, use of Experimental Forests and Ranges, and Research Natural Areas, established under the authority of Section 4 of the Forest and Rangeland Renewable Resource Research Act of 1978 (FSM 4162 and 4163) is essential when:

(1) Assurance of control of land use is essential for long-term research.

(2) Close control of study conditions, long-term monitoring, and restricted access are needed.

(3) Suitable stand or study conditions can be found only on an Experimental Forest or Range; i.e. a certain forest cover type or stand condition or stand size.

(4) Study objectives require treatments or conditions that may have a severe economic impact or would affect long-term productivity or have a high degree of uncertainty in terms of success.

(5) Potentially damaging consequences must be contained on public land; i.e., studies examining insects and diseases, prescribed fire, undesirable or excessive populations of wildlife, or adverse environmental effects.

FOREST SERVICE RESEARCH LANDS AND FACILITIES TO BE CONSIDERED FOR DISPOSAL

Lands and facilities owned by the Forest Service and administered by Forest Service Research should be considered for disposal if they do not meet one or more of the five criteria of necessity. Further, present use of Experimental Forests and Ranges and potential use for studies meeting at least one of the six conditions for essential location on Forest Service lands should be analyzed to identify areas surplus to needs. This analysis should be coordinated with the Regional Forester, because properties not considered essential for research may be of considerable value for meeting resource management objectives of the National Forest System.

COMPLETION OF REVIEW

Senator McCLURE. Do you have any preliminary information or is it far too early to have any indication of what you may be able to come up with in terms of both volumes and values?

Mr. LEISZ. I think it's too early for us. We expect more definitive responses in about a month.

Senator McCLURE. As I recall, the target date for completion of those reviews was March 29.

Mr. LEISZ. That's correct.

Senator McCLURE. If I understand, you've scarcely started.

Mr. LEISZ. Well, we have started, but there have been——

Senator McCLURE. And, incidentally, that was March 29, 1982.

Mr. LEISZ. Yes, sir.

Senator McCLURE. So we get the right year in there.

Mr. LEISZ. Yes.

Senator McCLURE. What is the target date now?

Mr. LEISZ. Well, I don't recall the precise date, but it seemed to me to be toward the end of April. We had another review time set up with all of the agencies working under us.

LAND EXCHANGES

Senator McCLURE. Have you, the Forest Service, received instructions concerning land exchanges?

Mr. LEISZ. Special instructions of any type?

Senator McCLURE. Yes.

Mr. LEISZ. No, sir.

Senator McCLURE. That is, revised as a result of this review about excess land?

Mr. LEISZ. No; we have not.

Senator McCLURE. Do you anticipate being able to continue land exchanges as in prior years?

Mr. LEISZ. Well, we're very active right now. In fact, we're pursuing some with relationship to the Mount St. Helens volcanic area which the Senate and House both asked us to do.

Senator McCLURE. But there haven't been any new policy guidelines with respect to exchanges?

Mr. LEISZ. No, sir.

Senator McCLURE. What has been the recent experience with exchanges as an alternative to fee acquisition?

Mr. LEISZ. In some cases it works very well. If you have a private owner who wants to acquire another piece of property, and the property he wants to acquire is available from Federal or State landholdings, then it can work very well. But in many cases the owner's needs can't be met simply by exchange.

The exchange process is time consuming at best when we work with it. And that's so because there are a lot of public interest needs that must be processed. They must be fully open to the public. And, as you indicated earlier, there is scarcely an acre out there that someone doesn't have a lot of concern about. So, when you start to identify an area for exchange, all of the particular interests that focus on that acre come up in a way that often surprises us, and we don't want any surprises in the process.

So exchange work, to some degree, is helping the acquisition program. It is not the complete answer. We need a combination. We have combined exchanges and used Land and Water Conservation Funds to equalize values. And we did that successfully recently in the Alpine Lakes cases. It seems to work quite well because it gives you an opportunity to do the best you can in meeting land needs and availability from both parties, but yet not have to be precise in finding exactly the same value of land in both cases.

Senator McClure. All right, Mr. Leisz, I understand that.

There would be no surprise for you either from what I've said already this morning because of my past statements that there is great feeling among the people that I represent in a State in which the Government owns two-thirds of the land, the Forest Service holding one-third of the total land area of my State. But the Government has a voracious appetite for acquisition. But the land managers just can't stand the idea of sharing one acre of that land in ownership with anybody else, that you would much rather acquire than exchange because the bulldog never lets go 1 inch. There is great dissatisfaction in my State, among other States, with that attitude. Whether it's real or apparent, whether it is fact or fiction, a great body of the public believes it.

Yes; there are difficulties with exchanges because how do you measure total values? There are a lot of other subjective values with respect to lands. Sometimes they're esthetic, sometimes they cannot be measured at all. But that doesn't prohibit exchanges; it only says judgment must be exercised. And I know far too well the tendency in a bureaucracy, if you never exercise any judgment, you never get into any trouble.

But there ought to be, in justice to the people that are involved, a fair effort to minimize the impact upon the ownership patterns in a State where the Federal Government already owns so very much and pays so very little.

Mr. Leisz. I agree with that, Mr. Chairman. I think, as you're aware, our approach to the Sawtooth National Recreation Area has been fairly successful in that way. We've come along with over 13,000 acres of acquisition in easements and only 1,200 acres in fee.

Senator McClure. And you wouldn't have had to acquire that in fee if you'd be willing to exchange. And I'll guarantee you, if I hadn't been bound up in the bureaucratic rules, I could have solved that whole thing in 3 months. And you've been at it how many years with how many millions of dollars?

You know, out of 500,000 acres if you can't find 1 acre to exchange with a guy without forcing him into a subdivision, I'd eat my hat. But you're not willing to do that. You've got to force them to be in a subdivision because it's administratively easier to take care of a bunch of people one place than it is to look at them in several different places;

never mind the fact that he's got 1 acre of ground tucked behind a mountain somewhere. You don't really have to look at him very much. But no, you've got to have him one place. You've now got three places in the 500,000 acres where people can live. And if he's not willing to accept an exchange in one of those three places, tough luck, Buster, you've got to sell, you've got to get out.

HELLS CANYON NATIONAL RECREATION AREA

Now you haven't really used the exchanges even there. You didn't attempt to buy fee simple down on the Snake River and the Hells Canyon National Recreation Area, despite the prodding that you got from up here both from the other body and from the Senate. Your managers on the ground never really tried for less than fee acquisition. The result was that the taxpayers paid through the nose for that property. And the land use of cattle ranching operations that was not in any way interfering with the use of that river, the purposes of that river, was totally eliminated.

Mr. LEISZ. And you're talking now of the Hells Canyon area?

Senator MCCLURE. Yes.

Mr. LEISZ. Well, Mr. Chairman, over 10 years ago I was personally involved in trying to work out some acquisition in the Hells Canyon area, and we came close at one time. It was never brought off in two cases I'm personally familiar with because the landowner turned it down as really not desiring to do that.

Senator MCCLURE. I talked to a number of landowners who will state under oath on the record that they were never offered an exchange.

Mr. LEISZ. I know that in every case it's not possible. But we do have a very aggressive land exchange program. We worked through, in the last full fiscal year, over 65,000 acres to private owners through our exchange program. So we do have a very high accomplishment record in exchanges.

And I also know that you're correct, we don't answer everyone's needs in that program. But we do try very hard.

Senator MCCLURE. Well, but in the Hells Canyon National Recreation Area again you did not really try scenic easements as an alternative to fee acquisition. Your land managers on the ground didn't try it, in spite of the prodding they got from the other body and from this one.

And I can produce the affidavits for the record. I can get the witnesses who will swear under oath that they were never offered the opportunity to sell less than fee. Now that's not a good record, in my judgment. And it hasn't enhanced the reputation of the Forest Service. There was basis for the Sagebrush Rebellion that lay in the lack of attempts on the part of the landowner—in this instance the Federal Government—to deal with its neighbors in a more neighborly way.

You're not viewed in my country as being a good neighbor. You're not. I hate to say it, but you're not. The people in the cities that go out for recreation on the weekends may, but the people who live with you don't like you very well. And I don't like to say that.

I've had a great affection for the Forest Service over the years. I grew up with people from the Forest Service. I grew up with people who lived in the small communities and were the backbone of those small communities. They had the highest respect for the people with whom they lived, and they don't have that any more. Far too often the persons that you have in those communities don't care about the communities in which they live. And that's not a fair statement for all of them, but we've got a new breed of forest rangers out there who don't really like the people they work with. There are some that are just outstanding people, but there are some that don't do you or the Service any honor. And part of it lies in this perception, stimulated by land acquisition programs, that you want to get everybody else out of there—you as an institution, and I don't mean you personally.

WEEKS ACT PROGRAM

The Forest Service proposed no Weeks Act acquisitions in fiscal year 1983. Weeks Act acquisitions are made primarily in the eastern forests for watershed protection or timber production. In your judgment, have the Weeks Act land acquisitions been improperly linked with the broader proposed policy of a moratorium on new Land and Water Conservation Fund acquisitions?

Mr. LEISZ. The Weeks Act purchase program fell victim to our looking very carefully at the budget and examining those areas that we believed could be postponed until there were better economic times. There certainly are remaining Weeks acquisition case opportunities. We plan to postpone those until there is a better opportunity economically.

We also intend to look at a number of those cases to see if we can make the acquisitions by exchanges and combinations. So we're not giving up on those entirely.

Senator MCCLURE. Certainly in a time of budgetary stringency we have to set priorities in a very tough-minded way.

Mr. LEISZ. Yes.

Senator MCCLURE. Unhappily, oftentimes, we find things that we would really like to do that we simply can't do now. But there is a priority list developed somewhere in some manner.

Are Weeks Act acquisitions included in that priority list? Do you look at them generically and just say "All Weeks Act acquisitions fit this priority schedule," or do you look at them parcel by parcel on a priority basis?

Mr. LEISZ. We try to examine them parcel by parcel or project area by project area. There are some Weeks law acquisition opportunities that have very high priorities, particularly those that include major river acquisition opportunities.

Senator MCCLURE. But there aren't any that have risen high enough to be on a priority list for acquisitions?

Mr. LEISZ. Well, yes, there are a number of them. And we've simply at this time put them off from funding, direct funding, and decided that we want to work as hard as we can on exchanges there and——

Senator McClure. If I understand your answer correctly, then, on a parcel-by-parcel basis they would be included, along with parks acquisitions, Fish and Wildlife acquisitions——

Mr. Leisz. Yes, sir.

Senator McClure [continuing]. Administrative site acquisitions. Parcels of the Weeks acquisitions would be sprinkled among all the rest of the proposed acquisitions, and some would have higher priorities than some of the other classifications, but that all of them, as a matter of result, have fallen below the threshold of available funding?

Mr. Leisz. That's correct.

Senator McClure. But they're still there and you still hope to be able to do something with respect to land exchanges.

Mr. Leisz. Yes; you know, if we were, for example, asked to list our 12 highest priority acquisitions—and that would be looking at exchanges, purchases, donations, and including Weeks law—I'm sure at least one or two Weeks law cases would be in that top 12.

CLOSING REMARKS

Senator McClure. Well, thank you very much, Mr. Leisz, for your testimony. I hope I haven't been unduly harsh this morning. But I am concerned, honestly concerned, about the reputation of the Forest Service in the communities. You have some of the finest people in the world working in the Forest Service, and I mean that sincerely. Some are personal friends of mine.

The portions are changing, but the most important factor is the perceptions of the public with whom you live are changing. And a lot of it lies in land acquisition policy. It's thrown you into conflict with your neighbors, and that conflict has been imposed upon you by Congress in many instances, such as the creation of national recreation areas, such as Hells Canyon and Sawtooth and others. That isn't something that you created; Congress did. But in your administration of it you've suffered in the eyes of your friends and neighbors.

I raise that issue because somehow we have to do a better job. Somehow we have to do a better job of either managing the program or explaining why it's been managed the way it is.

Mr. Leisz. Yes; well, Mr. Chairman, I accept your remarks. I know they were given with sincerity. And I intend to follow up. We want to do the best job we can in regaining the reputation that we think is important as we carry out our job.

ADDITIONAL COMMITTEE QUESTIONS

Senator McClure. Thank you very much, Mr. Leisz. We may have some additional questions for the record and we will appreciate your prompt response.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Boundary Waters Canoe Area Wilderness

Question: Why do you not count funding needs for expected resort buy-out requests in the deficiency category?

. Answer: It has been our understanding that the deficiency category pertains only to actions filed in Federal Court. A deficiency is where an award has been made in excess of the amount deposited or there was a reasonable expectation that a judgment awarding an amount greater than the amount deposited would be made during the fiscal year for which appropriations were being considered.

Funding needs for expected resort buy-out requests have been identified as part of the activity line item for the Boundary Waters Canoe Area Wilderness (BWCAW) as they are voluntary sales by the owners.

Under existing reprogramming instructions, funds appropriated for deficiencies would have to be reprogrammed to the BWCAW for the voluntary purchase of a resort.

Alpine Lakes

Question: Why do you not count the balance of Alpine Lakes land acquisition requirements in the deficiency category?

Answer: We have assumed that the funds which will be needed to acquire lands voluntarily sold or to make cash equalization payments should be requested as part of the activity line item for Alpine Lakes and not in the deficiency category. The carryover funds available for Alpine Lakes may be sufficient to cover most of these cases.

Because of the uncertainties involved in the cases of the Alpine Lake landowners who filed suit against the Government, we did not include these cases in our deficiency category for FY 1983. The Department of Justice has requested that a Complaint in Condemnation be signed by the Secretary of Agriculture, however, no action has been taken to set a trial date. We believe that funds to cover any awards in these cases will not be needed until FY 1984 or beyond. Our best estimate of the deficiencies needed for these cases has been included in our long range deficiency category needs.

Wilderness Areas

Question: What is the history of funding and acquisition for BWCA and Alpine Lakes?

Answer: Through FY 1982 $8.2 million has been appropriated for the Boundary Waters Canoe Area Wilderness land acquisition program. As of February 4, 1982, 810 acres have been acquired or optioned at a cost of $5,043,156.

In 1977, $14.8 million was appropriated for the Alpine Lakes Wilderness Area land acquisition program. To date, 9,861 acres have been acquired, mostly through exchange. Land and Water

Conservation funds were used for cash equalization payments, leaving a balance of $5,339,500.

Composite Acquisitions

Question: What are the estimated deficiencies from composite acquisitions?

Answer: As of April 20, 1982, $2,500 is needed for deficiencies in the Daniel Boone National Forest (Red River Gorge Composite).

President's Land Sales Program

Question: What is the criteria being used to determine lands available for disposal under the President's Land Sales Program?

Answer: Generally, the lands that presently managed efficiently for their maximum net public benefits will not be identified for disposal. This includes lands returning market value income, areas with special values such as wilderness, areas with high risk to life and property, lands and facilities necessary to the research role, and lands in active land exchange proposals.

The following 13 categories or criteria list the types of federal properties that have been identified as lands which either have a higher value or can be more efficiently managed if placed in nonfederal ownership.

Category	Remarks
1. Areas within the purview of Small Tracts Acts.	These are lands encumbered with innocent occupancy trespass that could be sold to individuals occupying the land. Also included are residual slivers of land remaining between patented mining claims and unused rights-of-way.
2. Free special-use permit areas with permanent improvements held by local governments, States, or others.	
3. Unused administrative sites.	Categories 3 and 4 include sites for disposal by GSA under their surplus property procedures as well as other sites for which there is presently no sale authority and those high value sites where the research activities can be located without serious impact.
4. Unnecessary or unessential research lands and facilities.	

5. Unclassified Land Utilization lands.	These are federal lands that were purchased as part of the land utilization program during the 1930's and are presently managed by the Forest Service but are not essential for national forest purposes.
6. Land essential for community expansion, including commerical forest lands.	
7. Lands suited for development but not for community expansion purposes.	
8. Lands forming an integral part of a private operation, e.g., serving as base ranch property to qualify for term grazing permits.	
9. Isolated parcels that are unused, underutilized, or require excessive development or administrative costs, including commercial forest lands.	
10. Reserved mineral rights (where the Government has disposed of the surface ownership).	Most of these are located in old Land Utilization areas where the surface ownership has been disposed of but 75 percent of the mineral rights were reserved by the Federal Government. They are also located under lands that were disposed of by exchange where the mineral rights were reserved by the Government.
11. Lands with mining claims where the lands would otherwise be available for potential sale.	These lands cannot be sold until the claim is relinquised or is ruled invalid. The claimant has temporary title to the claim area and is valid against all other parties except the United States.
12. Inundated lands of water development projects where control of water surface is not needed.	In some areas established water authorities have indicated an interest in acquiring these lands.

13. Lands conveyed to a State or local government for public use purposes and the conveyance document contains a reversionary clause for non public use.

Land and Water Conservation Fund

Question: The Forest Service is proposing a total L&WCF program of 7 million, 563 thousand dollars. Of that, $4 million (or 53%) is for acqusitions management funds and 3 million, 563 thousand dollars is for actual land acquisition. The acquisitions management activity is proposed to increase 171 thousand dollars (or +4%) over 1982 appropriations to date, while direct land acquisition funding is proposed to go down 18 million, 870 thousand dollars (or -84%) from 1982 appropriations to date. Why is this? What will the increase proposed for 1983 be used for?

Answer: The fiscal year 1982 proposed program by the Administration was $8.6 million of which $3.989 million was identified for Acquisition Management. The remainder was for deficiencies and inholdings. The actual appropriation for 1982 was $26,261,760. All of the increase was for land acquisition with no upward adjustment for Acquisition Management related to the higher level program. The fiscal year 1983 request of $4 million for Acquisition Management has been increased over the fiscal year 1982 request to partially cover increases in salaries and expenses due to inflation with no major change in program levels as proposed by the Administration.

Acquisition Management funds for 1983 will be used for:

- closing cases initiated in previous fiscal years. Approximately $22 million from FY 1982 appropriation and $16 million of carryover funds will be obligated for acquisition cases in FY 1982. A large part of the case work for these acquisitions (title work, closing procedures, filings, etc.) will be done in FY 1983 using Acquisition Management Funds.

- case processing expenses associated with the acceptance or donations of land.

- support services to the Department of Justice for court preparation work on condemnation cases files in previous fiscal years.

- developing alternatives to fee acquisition. This includes negotiating acquisition of land and interests in land by donation, land exchange, and working with States and local governments to use their authorities to protect important recreation and wildlife habitat values.

- administering FY 1982 carryover funds as well as 1983 funds.

Acquisiton Management Full Time Equivalents

Question: Will FTE used for acquisitions management increase in 1983?

Answer: No. The FTE for 1982 is 80 and the 1983 projected need is for 74 FTE.

Question: It would seem that the size of the acquisition program would influence the size of the management staff. On page 229 of your justifications, you indicate that FTE will decrease from 80 in the 1983 base to 21 in the 1983 Budget. What is the FTE equivalent for 1982 appropriations to date? What would it be for acquisitions management?

Answer: The total full time equivalents for the Land and Water Conservation Fund (L&WCF) program to date is 40. We have included all salaries for the L&WCF program under Acquisition Management thereby permiting the maximum land acquisition funds being available to acquire lands or interests in lands.

Question: These FTE number still do not look right. Would you provide additional explanation of this for the record?

Answer: The 1983 figure of 21 in the Explanatory Notes has been revised. When the full time equivalents were calculated for this program, full consideration was not given to the minimum level needs to accomplish the existing program. The revised figure is 74 FTE's.

Five-year History of Land Exchanges

Question: What is your five-year history of land exchanges in funding, cases approved and non-federal acres acquired?

Answer:

	FUNDING $M	CASES	ACRES NONFEDERAL	ACRES FEDERAL	VALUE
1977	$ 3,660	145	61,043	41,106	$ 63,559,655
1978	5,312	137	52,289	34,944	27,105,255
1979	5,742	96	68,432	40,725	36,675,124
1980	7,030	141	75,828	61,332	61,601,951
1981	7,615	160	106,015	65,371	103,486,091
TOTAL	$ 29,359	679	363,607	243,478	$ 292,428,076
AVERAGE	$ 5,872	136	72,721	48,696	$ 58,485,615

During the period from 1977 through 1981, the United States paid cash equalization totaling $2,251,989 and the nonfederal owners paid $1,048,023. The total cash equalization is 0.5 percent of the total property value.

Exchange accomplishments in 1981 were greater than any year since 1966 (exceeded target by 33 percent). Increased accomplishments were due to:

1. Large acreage exchanges (two cases over 12,000 acres for 27 percent of the acreage).

2. L&WCF money used for large cash equalization payments for recreation land (8,300 acres in Alpine Lakes acquired by $1.5 million cash equalization).

3. Streamlining exchange procedures.

Sawtooth and Hell's Canyon National Recreation Areas

Question: What is the history of your activities on the Sawtooth and Hell's Canyon National Recreation Areas? Provide for the records a list and description of parcels and exchange for each.

Answer: On the Sawtooth NRA, the following activity has taken place:

- There has been one completed exchange. It involved two patented mining claims totaling 40 acres.

- There have been four cases in which the exchange process was begun, but not completed. In each case, the total areage involved was less than two acres. Two of the cases have eventually become condemnations.

- There have been six cases in which exchange was immediately refused and no further action is currently pending. Five of the cases, each between one and eleven acres, are considered for fee acquisition. The final case, involving 1,800 acres, is being considered for a scenic easement.

- There are currently five cases where landowners are considering exchanges. Acreage ranges from ½ to 600.

One land exchange has been completed within the Nezperce National Forest on the Hell's Canyon National Recreation Area in Idaho. There were 160 acres valued at $72,000 acquired in exchange for 1.70 acres valued at $29,000, three dwellings valued at $33,600 and $9,400 cash equalization for a total value of $72,000.

DEPARTMENT OF THE INTERIOR

National Park Service

STATEMENT OF RUSSELL E. DICKENSON, DIRECTOR

ACCOMPANIED BY WILLIS P. KRIZ, CHIEF, LAND RESOURCES DIVISION

PREPARED STATEMENT

Senator McClure. Our final witness today will be Mr. Russell Dickenson, Director of the National Park Service, in support of the National Park Service and State Land and Water Conservation Fund estimates for 1983. The National Park Service proposal is for $59,776,000 in 1983, down $43,686,000, or 42 percent, below 1982 appropriations to date of $103,462,000. No State Land and Water Conservation Funds are requested.

Mr. Dickenson, would you introduce those who will be with you and testifying? And, of course, your entire statement will be placed in the record.

[The statement follows:]

Statement of Russell E. Dickenson

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to testify on the National Park Service request for funding from the Land and Water Conservation Fund for fiscal year 1983. We are requesting $51,600,000 to cover anticipated awards in condemnation proceedings filed in prior years. The payment of condemnation awards is not only a legal obligation but a moral one as well, and we regard such payments as our highest priority. The budget before you also includes $3,800,000 for inholding acquisitions, $126,000 for the Pinelands National Preserve, and $4,250,000 for administrative expenses.

The request for funding does not include funds for the initiation of an aggressive land acquisition program. The National Park Service has begun testing the application of the recently published land protection policy of the Department of the Interior at eight areas within the system and intends to use this knowledge to recraft the existing land acquisition plans of the park areas. The new land protection plans will emphasize the use of less-than-fee alternatives such as easements and zoning as land protection tools and other methods of acquisition such as exchanges and purchase-sellback or leaseback. Acquisition of fee title to land will be considered only when other protection methods are inappropriate. In this way we hope that we will be able to protect a greater amount of significant natural and cultural resources and that our needs for funding in future years can be minimized.

Mr. Chairman, this concludes my prepared testimony. I would be happy to answer any questions the committee may have.

BUDGET REQUEST

Mr. Dickenson. Thank you very much, Mr. Chairman. It is a great pleasure to appear before you again.

I am accompanied by Mr. Will Kriz, who is the Chief of our Land Resources Division. And, as I have only a very short statement, I will submit that for the record and make only a few summary comments, if you're agreeable.

We are requesting $51,600,000, Mr. Chairman, to cover anticipated awards in condemnation proceedings which have been filed in prior years and which are coming due. We are also including $3,800,000 for inholding acquisitions, $126,000 for the Pinelands National Preserve, and $4,250,000 for administrative expenses.

Mr. Chairman, in connection with the land protection policy, which has been alluded to several times this morning, the National Park Service has completed, using special study groups, eight case studies of areas within the system that have particularly complex land protection problems.

We have been very generally pleased with the results of that internal examination. The results are being further studied within the Department now. And on some of the more complex areas, those that might have some major adjustments in land protection strategy, it is possible that we will have some public hearings, public examination of those changes later this summer or perhaps early in the fall. Further, we expect to accomplish about 15 or so additional studies this year. That schedule will be followed with the objective of completing a reexamination of all the areas of the system within a 3-year timeframe.

I'd just like to say, Mr. Chairman, from our standpoint that this policy, this change of emphasis, if you will, makes eminent good sense. And I see that it is going to be adopted wholeheartedly by the professionals in the National Park Service. It makes only good sense to us, particularly with an existing $800 million backlog of authorized acquisitions, to find a way to accomplish it other than through fee simple acquisition.

That concludes my summary, Mr. Chairman. I'm available for questions.

Senator McClure. Thank you very much, Mr. Dickenson.

Senator Burdick.

ASSISTANCE TO STATES

Senator Burdick. Thank you, Mr. Chairman.

Recently the National Park Service placed a hold on further State and local obligations to the Land and Water Conservation Fund. At the same time you have requested a deferral of $2.8 million in this program, with a proposal that this amount be withdrawn from the funds previously apportioned to States. The budget documents indicate that a request to reprogram these funds to cover Federal grant administration salaries would be forthcoming. This is the third straight year that this or previous administrations have disrupted the State grant process. In North Dakota I'm told that the amount lost would be about $140,000, and virtually all of this money has been committed to community projects.

Can you describe for the subcommittee how you can propose to reclaim funds to the State in an equitable manner inasmuch as many States have obligated all or most of the funds available to them?

FORMULA FOR RECLAIMING GRANT FUNDS FROM STATES

Mr. DICKENSON. Yes, sir. I appreciate the chance to comment on that. We have completed our internal examinations of that, Mr. Burdick. And just this morning I signed a memorandum in which we will be inviting the States to come forward with additional projects and proposals. In applying the assessment for the $2.8 million which would be required for administrative expenses to continue the program we're going to be using a formula which I believe will be fair in assessing debt. Those will be on the basis of the size of the program within the State and the state of the program itself, those that have balances. No State will be unduly penalized and will be taken into account according to the precise situation they find themselves in.

Senator BURDICK. Well, I don't quite follow that. Here we have something like two, four, six, eight projects in North Dakota totaling $145,000 that are going forward. But with this cut of $2.8 million they will have to be stopped, won't they?

Mr. DICKENSON. No, sir, the $2.8 million will be applied to all of the States according to a formula, and that will minimize the kind of impact on any individual State.

Senator BURDICK. Well, let's find out what we're all talking about. What will happen to these projects that I have mentioned?

Mr. DICKENSON. There will undoubtedly have to be some adjustment in that. I am told by staff here that the impact on the State of North Dakota will be about $20,000.

Senator BURDICK. How much?

Mr. DICKENSON. $20,000, dealing with our $2.85 million.

Senator BURDICK. Well, I have a letter here from the North Dakota Parks and Recreation Department, signed by the Director, Douglas Eiken.

RESULT OF INTERNAL EXAMINATION

Senator BURDICK. He has listed eight projects with a loss of $145,000.

Mr. DICKENSON. Well, sir, I think his fears were misplaced. As a result of the internal examination, that I just mentioned to you, by our staff, a formula was developed and the impact on the State of North Dakota is minimal, $20,000-plus.

Senator BURDICK. Well, that's certainly better than $145,000.

Mr. DICKENSON. Indeed it is, yes, sir.

Senator BURDICK. How do you make a fair assessment for those States that have spent all their money?

Mr. DICKENSON. Well, sir, out of the total available funds we looked toward applying an equal assessment to each of the States. That provides equity in terms of bearing the burden equally.

And then there is a percentage assessment according to the size of the program. Again, I spoke to that a little bit earlier. It seems to us to be the fairest way to spread this requirement.

Senator BURDICK. After a State has spent all its money you can't repossess that money.

Mr. DICKENSON. Yes, sir.

Senator BURDICK. So that it would be inequitable in that respect.

Mr. DICKENSON. Well, of course. I'm sure that there is always an inequity. But it's the best formula that we could arrive at, and it's actually minimal when you put the burden on all the States.

Senator BURDICK. Well, thank you for your testimony.

Mr. DICKENSON. Thank you.

Senator MCCLURE. Thank you, Senator.

Senator BURDICK. Thank you.

LAND ACQUISITION ADMINISTRATIVE EXPENSES

Senator MCCLURE. Mr. Dickenson, funds for acquisitions management is proposed for a reduction of $3,910,000, or 48 percent, below the 1982 appropriations to date. How is the Park Service able to reduce its acquisitions management funding almost in half while the other agencies today have testified in favor of level or increasing programs?

Mr. DICKENSON. Well, sir, that particular figure, of course, represents a minimal kind of program and——

Senator MCCLURE. Well, I assume the other agencies have minimal programs too.

Mr. DICKENSON. Well, I'm struggling with this a little bit, Mr. Chairman. The effect of that is difficult. In considerations by the Department and by OMB of the overall funding level, the figure got locked into place. And we would like to have maybe a little bit more. But nevertheless, the impact of that is going to be that we will have to lay off 59 personnel. It's going to be difficult to try to carry out the program with that kind of loss, particularly——

Senator MCCLURE. Will those reductions be in the Washington office, in the regional offices or in the field?

Mr. DICKENSON. The primary impact will be in the Washington office.

Mr. DAVIDGE. Mr. Chairman, if I may, I would help the Director by stating that we are examining that question, and things simply didn't get done in time previously, before the numbers came forth. We do not anticipate that there will be a shift in total dollars, but we are looking at the relationships of administration costs to acquisition costs at this time.

Senator MCCLURE. You're inclined to believe that the other agency requests that are level or increasing are more accurate reflections of need than is this request of a reduction? In other words, you're reviewing with a view to raising the National Park Service targets and not releasing the others?

Mr. DAVIDGE. The cost of administration, but not the overall cost of the acquisition program.

Senator MCCLURE. And administration costs, that's what I mean.

Mr. DICKENSON. Mr. Chairman, let me modify my statement. Mr. Kriz just said there would be a considerable impact at the field level as well. So I don't want to just restrict it to Washington.

Senator MCCLURE. Could you give us some detail about where that impact would be and what it would be?

Mr. KRIZ. Well, Mr. Chairman, the program, of course, is primarily intended to pay deficiencies. The theory is that it doesn't take as much staff to handle that kind of a program. So I believe that the impact would be felt at our field land acquisition offices, of which we have about eight. And perhaps one-third of our total work force is in our field land acquisition offices. I believe that's where the impact would be felt heaviest.

Senator MCCLURE. Could you provide for the record an estimate in some detail of what the impact would be in personnel levels at each level?

Mr. KRIZ. My office, I believe, could prepare something like that.

Senator MCCLURE. If you would do so, please.

[The information follows:]

STAFFING IMPACT ON ACQUISITION MANAGEMENT

The impact on staffing at this level of acquisition management funding would be felt at all levels. To bring existing staffing in line with the budget request would require decreasing our personnel levels by 57. The greatest impact would be at the field or project level. Staffing levels at the 12 project offices would be reduced by 43. At the Washington and regional office level, staffing levels would be reduced by 14.

LAND ACQUISITION AREAS

Senator MCCLURE. On page 244 of your justifications, you list the nine park areas representing the bulk of the National Park Service request for 1983. Are those areas still current?

Mr. DICKENSON. Yes, sir, they are. We would plan to use the funds for those particular areas to deal with the deficiencies.

Senator MCCLURE. Are there any other areas where you anticipate deficiencies or court awards in 1983 that are not included in your 1983 proposal?

Mr. DICKENSON. Mr. Chairman, we have three areas that we would like to comment on in this regard here now. The courts have not made final judgments and decisions, and so this is anticipatory on our part.

Congaree Swamp may well come in at $20 to $25 million above the appraised value. And Gulf Islands, which was mentioned by Assistant Secretary Arnett, may well come in above the appraised value as well. We have $3.7 million in the 1983 budget for Gulf Islands, for example, but we believe it would require $4.3 million additionally.

I hasten to add that in both of those cases, we have been, Mr. Chairman, in close consultation with the Department of Justice, and we intend to appeal them. It is our belief, and the belief of the Department of Justice, that these will both be subject to long appeal processes. So, therefore, they may not come due immediately as far as the budget is concerned. I wanted to alert you of them because they are much on our minds.

Sleeping Bear is the third area that I would mention, and it is possible that it might come in, in the range of $7 to $11 million. If that happens, it would be our intent to attempt to reprogram—as we have been doing regularly all along—or, failing that, in order to meet our obligations, we would be prepared to recommend a supplemental.

Senator McClure. Do you anticipate that Sleeping Bear will reach final figures in the 1983 fiscal year?

Mr. Dickenson. That is our estimate at this time, yes.

Senator McClure. You were indicating that the others you were anticipating would come in higher, but you were anticipating lengthy court proceedings.

Mr. Dickenson. That's right.

Senator McClure. In this instance you would expect to have that mature and payable?

Mr. Dickenson. That's right. The first two I mentioned, Congaree and the Gulf Islands, would be subject to lengthy appeal. The third one, Sleeping Bear, may well come due during the current budget year. And, if so, we would intend to come forward with a reprograming to you.

Senator McClure. Is there any reason why you left Sleeping Bear out of your appropriations?

Mr. Dickenson. Well, there are so many unknowns at this time, Mr. Chairman. Rather than——

Senator McClure. Unknown; but your best judgment tells you you'd better be prepared to pay it, is that right?

Mr. Dickenson. We've taken that into account in our fiscal strategy. If it does come due, we have a plan of action that will attempt to deal with that.

LAND DISPOSAL PROGRAM

Senator McClure. Have you received instructions from the administration with respect to the administration's land disposal program?

Mr. Dickenson. I'm not personally or deeply involved in that, Mr. Chairman. I understand our staff have been involved in the deliberations and are assisting in that. But essentially the national parks are exempt from that particular operation with the exception of those which Mr. Davidge mentioned this morning. There are some 30,000 acres which lie outside of park boundaries. These were simply acquired originally to avoid severance damages or whatever. Now not all of the 30,000 would be available for disposal, but some will. And we are looking at those.

Senator McClure. How do you make the judgment as to which would be available and which is not?

Mr. Dickenson. It has to be done on the basis of the resource itself, Mr. Chairman. The planning process would determine the appropriate location of boundary. It would determine the kinds of values—I'm talking about natural or historical or geological or archeological—that would be associated there.

Senator McClure. If it's outside the boundary, for what reason would you retain it?

Mr. Dickenson. In some cases it may have been additional information obtained.

Senator McClure. But that would mean that you would seek a boundary change.

Mr. DICKENSON. We would come forward with a recommended boundary adjustment.

Senator MCCLURE. Am I correct that in each instance in which you identify the fact that you don't want to dispose of the property you would seek a boundary change?

Mr. DICKENSON. Not in every case, but it's possible.

Senator MCCLURE. Why not?

Mr. DICKENSON. Well, the judgment that might be made from at least a professional standpoint might indicate that it would be nonadministerable. It might not have easy access, it might not be available for public use in an appropriate way. There might be a lot of reasons why.

Senator MCCLURE. Then why would you want to retain ownership?

Mr. DICKENSON. I wouldn't want to unless it made some major contribution into the Park Service, Mr. Chairman.

Senator MCCLURE. Not all of the parks are easily available with easy access and subject to intensive use.

Mr. DICKENSON. Most of those properties I'm sure would be available for perhaps exchange, to help solve other kinds of problems elsewhere.

Senator MCCLURE. Has the Park Service received instructions concerning procedures which may be revised by the Property Review Board?

Mr. KRIZ. No; we've received correspondence from the Department, but I can't say that we have from the Property Review Board as such.

LAND EXCHANGES

Senator MCCLURE. What impact will this process have upon your ability to pursue exchanges?

Mr. KRIZ. Well, we're not certain at this time. With respect to GSA properties that may be used for exchange; they may not be available to us now. And we're asking for a clarification of GSA's position on that.

With respect to BLM lands, again we can't say. We have some rather large exchanges under consideration right now, like Grand Teton and one at Chaco Canyon. And as far as I know, I think these exchanges with BLM could continue.

Senator MCCLURE. How about the use of exchanges to acquire lands with respect to private ownerships?

Mr. KRIZ. Well, again, I'm not certain. But with respect to BLM lands, I think that we'll be able to continue.

Senator MCCLURE. Would you give us, for the record, a listing of the lands or the units in which exchange might be desirable for the acquisitions which have been authorized?

Mr. KRIZ. Well, I think we can do that, sure.

[The information follows:]

LAND EXCHANGES

There are 52 areas within the national park system in which the exchange of lands is either in progress or is being considered. These areas are as follows:

Arches NP, Utah; Badlands NP, South Dakota; Bering Land Bridge NP, Alaska; Black Canyon of the Gunnison NM, Colorado; Blue Ridge Parkway, Georgia-North Carolina-Virgnia; Boston NHP, Massachusetts; Bryce Canyon NP, Utah; Cape Cod NS, Massachusetts; Capitol Reef NP, Utah; Catoctin Mountain Park, Maryland; Chaco Culture NHP, New Mexico; Channel Islands NP, California; Chattahoochee River NRA, Georgia; Chesapeake & Ohio Canal NHP, Maryland-D.C.-West Virginia; Chickasaw NRA, Oklahoma; Colonial NHP, Virginia; Colorado NM, Colorado; Delaware Water Gap NRA, New Jersey-Pennsylvania; Denali NP and Pres., Alaska; Dinosaur NM., Colorado-Utah; Ebey's Landing NH Reserve, Washington; Fort Donelson NMP, Tennessee; Fredericksburg and Spotsylvania Mem. NHP, Virginia; Gates of the Artic, Alaska; G. W. Memorial Parkway, Maryland-Virginia; Gettysburg NMP, Pennsylvania; Glacier NP, Montana; Golden Gate NRA, California; Grand Canyon NP, Arizonsa; Grand Teton NP, Wyoming; John Day Fossil Beds NM, Oregon; Kaloko-Honokohau NHP, Hawaii; Klondike Goldrush NHP, Alaska-Washington; Lake Clark, Alaska; Lake Mead NRA, Arizona-Nevada; Mammoth Cave NP, Kentucky; Morristown NHP, New Jersey; Natchez Trace Parkway, Alabama-Mississippi-Tennessee; Nez Perce NHP, Idaho; Olympic NP, Washington; Redwood NP, California; Richmond NBP, Virginia; Rocky Mountain NP, Colorado; Saguaro NM, Arizona; Tumacacori NM, Arizona; Tuzigoot NM, Arizona; Voyageurs NP, Minnesota; Whiskeytown-Shasta-Trinity NRA, California; White Sands NM, New Mexico; Wrangell-St. Elias, Alaska; Wupatki NM, Alaska; and Zion NP, Utah.

LESS THAN FEE ACQUISITION

Senator McCLURE. Has the Service recently changed its policy of accepting limited easements in lieu of fee acquisition for inholdings, in order to encourage the use of easements?

Mr. DICKENSON. We have certainly instructed our people in the field, both the managers and the professional land acquisition personnel, to emphasize the maximum use of less than fee acquisition.

Senator McCLURE. You say they've been instructed; is that by written instruction?

Mr. DICKENSON. As a part of the discussion of the land protection policy and through our training sessions that we hold for our professionals, and I don't know whether I've signed a memorandum recently to that effect or not, Mr. Chairman.

Mr. KRIZ. You have one for signature.

Mr. DICKENSON. I have one available right now for signature. We've been emphasizing that, Mr. Chairman. It's much on our priority list.

Senator McCLURE. Have you considered a review of all of the condemnations that are pending or authorized to see if easements are feasible?

Mr. DICKENSON. We have had our people involved in a thorough review of all existing condemnations, Mr. Chairman.

Senator McCLURE. The committee has had a number of examples cited to us recently and testimony where easements were offered but refused by the National Park Service. I would give examples of Indiana Dunes, as an example—you pointed to that earlier as being one in which you may have to pay more money—Cuyahoga, and others. What will the Service do in the future in similar circumstances?

Mr. DICKENSON. Well, I think we have to contrast strongly the kind of past instructions and practices. And I would see the future being characterized by managers and land acquisition professionals having to make a first early on determination as to whether or not an easement would perform the required degree of protection. And if anyone suggests that fee simple acquisition would be a desirable course, that would require some real justification to make that stick.

Senator McClure. Is that policy going to apply to all pending cases?

Mr. Dickenson. It will indeed, sir. As I mentioned, we'll select out the top priority areas, as we see them, during the current year. And we'll give those intensive immediate attention. And then systematically over the next 3-year period we'll examine all the units of the system.

There are many areas in the system which we simply do not have active programs or requirements on right now. So on a priority basis we'll be looking at them.

Senator McClure. Could you provide for the record the results of that review?

Mr. Dickenson. Indeed, sir, indeed we'll be glad to.

[The information follows:]

Land and Water Conservation Fund
National Park Service
Condemnations - 3/31/82
(Excludes quiet title actions)

Management Unit	Number of Cases	Amount of Deficiency Anticipated 1/	Comments
Appalachian Trail, Maine to Georgia	14	Unknown	To be paid from the Deficiency line item.
Big Cypress National Preserve, Florida	3,718	21,881,000	It is estimated that the FY 1983 budget request of $14,000,000 is the maximum need for FY 1983. Balance will be needed in future years.
Big Thicket National Preserve, Texas	86	17,736,000	It is estimated that the budget request of $4,800,000 is maximum need for FY 83. Balance will be needed in future years.
Biscayne National Park, Florida	1	2,523	To be paid from the Deficiency line item in FY 1983.
Buffalo National River, Arkansas	34	4,565,000	Needs for FY 1983 will be paid from Deficiency line item.
Canaveral NS, Florida	4	None	
Cape Cod National Seashore, Massachusetts	149	6,500,000	$3,150,000 has been reprogrammed in FY 1982 for payment of outstanding deficiencies.
Cape Lookout National Seashore, North Carolina	40	6,322,000	It is estimated that the $2,000,000 in the FY 1983 budget request is maximum need for FY 83. Balance will be needed in future years.

Congaree Swamp National Monument, South Carolina	7	20,000,000 to 25,000,000	No court judgment as of this date. Anticipate judgment will be appealed. Funding need will be after FY 1983.
Cumberland Island National Seashore, Georgia	5	1,000,000	It is anticipated that FY 1983 Budget Request of $1,000,000 will be adequate to pay all deficiencies.
Cuyahoga Valley National Recreation Area, Ohio	28	0	Anticipate that deficiencies can be paid from amount obligated.
Everglades National Park, Florida	95	200,000	Deficiency will be paid by reprogramming in FY 1982.
Fire Island National Seashore, New York	7	0	Anticipate that deficiencies can be paid from obligated funds.
Fort Donelson National Military Park, Tennessee	1	Unknown	To be paid from Deficiency line item in FY 1983 if judgment is rendered. Amount obligated $14,560.
Gateway National Recreation Area, New York, New Jersey	1	N/A	Ownership has been determined. Negotiations in progress by Justice Department to obtain a less-than-fee interest.
Golden Gate National Recreation Area, California	1	Unknown	Case under appeal. Amount obligated is $438,000.
Gulf Islands National Seashore, Florida, Mississippi	2	8,000,000	Award will be appealed. Funding need of $4.3 million may be required in FY 1984.
Hot Springs National Park, Arkansas	1	Unknown	To be paid from the Deficiency line item in FY 1983. Amount obligated $146,500.

Indiana Dunes National Lakeshore, Indiana	211	0	Anticipate that the amount obligated for complaints will be adequate to pay deficiencies.
Jean Lafitte National Historical Park and Preserve, Louisiana	3	0	Anticipate that the amount obligated for complaints will be adequate to pay deficiencies.
Lake Mead National Recreation Area, Arizona, Nevada	3	Unknown	New trial scheduled. Amount obligated $215,140.
Lassen Volcanic National Park, California	1	5,500,000	Declaration of Taking: The FY 1983 Budget Request of $5,500,000 will be deposited into court for the timber value. Value of geothermal unknown. Time of trial unknown.
Lower St. Croix River, Minnesota, Wisconsin	3	Unknown	Anticipate that the amount obligated for complaints will be adequate to pay deficiencies.
Mammoth Cave National Park, Kentucky	2	0	To be paid with obligated amounts.
Minute Man National Historical Park, Massachusetts	2	Unknown	To be paid from the FY 1983 Deficiency line item if award received in FY 1983.
Moores Creek National Military Park, North Carolina	2	18,870	Award is being paid by reprogramming in FY 1982.
Olympic National Park, Washington	1	Unknown	To be paid from FY 1983 Deficiency line item if judgment rendered.
Pinnacles National Monument, California	1	Unknown	To be paid from FY 1983 Deficiency line item if judgment rendered.
Piscataway Park, Maryland	1	Unknown	To be paid from FY 1983 Deficiency line item if judgment rendered.

Saguaro National Monument, Arizona	1	0	Anticipate obligated funds sufficient to pay deficiencies.
St. Croix Wild and Scenic River, Wisconsin	7	Unknown	To be paid from obligated funds.
Sleeping Bear Dunes National Lakeshore, Michigan	71	13,836,143	The FY 1983 Budget Request of $8,400,000 anticipated adequate to pay all deficiencies on judgments that may be rendered in FY 1983.
Sleeping Bear Dunes (No. Manitou Island)	12	7,000,000 to 11,000,000	Anticipate award and judgment in FY 1983. Expected to be appealed.
Voyageurs National Park, Minnesota	48	3,800,000	Budget Request of $3,800,000 will pay the balance of deficiencies if donation is obtained on Kimberley-Clark property.
Yosemite National Park, California	1	Unknown	To be paid from FY 1983 Deficiency line item.
Total	4,564	125,361,536	

1/ This column represents the difference between amount obligated and anticipated awards. Wherever funding will permit, obligations for complaints are being increased by 30% to cover increases in value due to escalation.

ADMINISTRATIVE EXPENSES

Senator McClure. Could you explain how the administrative expenses for the State side will be handled in fiscal year 1983?

Mr. Dickenson. As I indicated to Mr. Burdick, the required amount which will be required will have to be withdrawn from the State balances. And that amount, which is a minimum amount, is simply to provide the kind of minimum supervision of that program, the kind of transition period that we're in now, Mr. Chairman. So it will go to pay the personnel and grant administration expenses of the program which is in current progress.

Senator McClure. According to the information I have in response to a question addressed to you about what grant funds will the deferral funds come from, you've indicated you don't have that answer yet, is that correct?

Mr. Dickenson. No; again, my response to Mr. Burdick indicated that we intend to get the administrative expenses for the administration of the State program by equal assessment on the States plus a percentage assessment according to the size of the program.

Senator McClure. Mr. Dickenson, I'm really intrigued by that, because your answer today indicates that you have the answer and the answer I just referred to was dated April 14, in which you stated on the record you don't have the answer.

Mr. Dickenson. As of this morning——[Laughter.]

Senator McClure. That's progress.

Mr. Dickenson [continuing]. I signed a memorandum to all regional directors, which is consistent with my testimony.

Senator McClure. Would you provide that for the record also, please?

Mr. Dickenson. Yes, sir, we'll provide that for the record.

Senator McClure. Can you give us a list of what States will be affected and in what amounts by the deferral?

Mr. Dickenson. Yes, sir, we have a chart. We will be glad to provide that for the record.

[The information follows:]

Letter From Russell E. Dickenson

APR 15 1982

Memorandum

To: All Regional Directors

From: Director, National Park Service

Subject: Deferral of Land and Water Conservation Fund Assistance

On March 18, 1982, the President, under the Congressional Budget and Impoundment Control Act of 1974, signed a deferral of $2,821,000 in unobligated Land and Water Conservation Fund (L&WCF) assistance from unobligated prior year balances available to the States. The Administration has proposed that these funds will be used to pay administrative costs for the State assistance program in FY 1983.

In accordance with the deferral we have taken steps to identify and set-aside $2,821,000 available to the States from currently available unobligated funds previously apportioned from the States' special reapportionment accounts and from the unobligated balance of the Contingency Reserve. In doing so we have taken into consideration the L&WCF apportionment formula to insure the greatest possible equity.

The following process was utilized in identifying the amount assessed each State to the nearest dollar.

* The unobligated amount available in the Contingency Reserve account, $1,140,912 was deducted from the total of $2,821,000, leaving a balance of $1,680,088.

* Forty percent of the remaining balance ($672,035) was deducted equally from the States. This amount worked out to a figure of $14,523 per State. Those States without total available funds (both unobligated and special reapportionment accounts) in the "equal" ($14,523) amount were assessed only the funds that they had available.

* The remaining 60 percent of the funds available ($1,008,053) were divided proportionally, based on the total available funds per State (both unobligated and special reapportionment accounts). As a result those States with more funds available were affected more than those States with good obligation rates.

The attached chart identifies by State the amount of assessment.

Please be advised that the deferred funds are taken initially from the reapportionment accounts if available and then from the current unobligated balance as of March 28, 1982. Each State should adjust their records accordingly.

It is recommended that these figures be provided the States as soon as possible.

We have now reopened the fund certification process and are once again accepting requests based on the revised State figures.

/s/ Russell E. Dickenson

Land and Water Conservation Fund
As of March 28, 1982

State	Special Reapportionment Account FY 1981 *	Special Reapportionment Account FY 1982 *	Current Uncommitted Funds *	Total Available Funds	Equal Assessment	Percentage Assessment	Total Amount Assessed Each State
Alabama	$	$84,606	$54,693	$139,379	$14,523	$6,000	$20,523
Alaska		7,577	171,992	179,569	14,523	7,932	22,455
Arizona		56	-0-	56	56	-0-	56
Arkansas		30,558	134,926	165,484	14,523	7,255	21,778
California		186,189	1,079,708	1,265,897	14,523	60,139	74,662
Colorado	10,030	27,608	27,379	65,017	14,523	2,427	16,950
Connecticut		311,791	11,708	323,491	14,523	14,848	29,371
Delaware		-0-	253	253	253	-0-	253
Florida		3,991	782,443	786,434	14,523	37,097	51,620
Georgia		91,852	432,907	524,759	14,523	24,521	39,044
Hawaii	197,552	65,916	804,564	1,068,032	14,523	50,630	65,153
Idaho		20,792	112,877	133,669	14,523	5,726	20,249
Illinois		683,355	449,073	1,132,428	14,523	53,724	68,247
Indiana		290,185	1,400	291,585	14,523	13,315	27,838
Iowa		-0-	243,435	243,435	14,523	11,001	25,524
Kansas		124,439	14,582	139,021	14,523	5,983	20,506
Kentucky		-0-	613,678	613,678	14,523	28,794	43,317
Louisiana		15,110	46,307	61,417	14,523	2,254	16,777
Maine	270,127	74,325	4,138,064	4,482,516	14,523	214,723	229,246
Maryland		6,101	273,830	279,931	14,523	12,755	27,278
Massachusetts		1,601	203,284	204,885	14,523	9,148	23,671
Michigan	10,107	858,015	510,959	1,379,081	14,523	65,578	80,101
Minnesota		463	328,303	328,766	14,523	15,102	29,625
Mississippi		16,422	56,367	72,789	14,523	2,800	17,323
Missouri		700	111,793	112,493	14,523	4,708	19,231
Montana	42,809	14,863	61,589	119,261	14,523	5,034	19,557
Nebraska		1,002	-0-	1,002	1,002	-0-	1,002
Nevada		-0-	-0-	-0-	-0-	-0-	-0-
New Hampshire		-0-	341,333	341,333	14,523	15,706	30,229
New Jersey		3,670	-0-	3,670	3,670	-0-	3,670
New Mexico		661	95,861	96,522	14,523	3,941	18,464
New York		68,485	854,678	923,163	14,523	43,667	58,190
North Carolina		93,413	2,825	96,238	14,523	3,927	18,450
North Dakota	36,902	8,919	93,875	139,696	14,523	6,016	20,539

State	Special Reapportionment Account FY 1981 *	Special Reapportionment Account FY 1982 *	Current Uncommitted Funds *	Total Available Funds	Equal Assessment	Percentage Assessment	Total Amount Assessed Each State
Ohio		102,449	64,284	166,733	14,523	7,315	21,838
Oklahoma		23,978	32,990	56,968	14,523	2,040	16,563
Oregon		51,136	178,755	229,891	14,523	10,350	24,873
Pennsylvania		76,186	359,165	435,351	14,523	20,224	34,747
Rhode Island		38,046	36,924	74,970	14,523	2,905	17,428
South Carolina		67,802	185,850	253,652	14,523	11,492	26,015
South Dakota		76,572	51,589	128,161	14,523	5,461	19,984
Tennessee		718	519,856	520,574	14,523	24,320	38,843
Texas		53,500	91,118	144,618	14,523	6,252	20,775
Utah		-0-	13,520	13,520	13,520	-0-	13,520
Vermont		-0-	517,252	517,252	14,523	24,160	38,683
Virginia		-0-	575,879	575,879	14,523	26,978	41,501
Washington		-0-	24,747	24,747	14,523	491	15,014
West Virginia		6,707	31,248	37,955	14,523	1,126	15,649
Wisconsin		-0-	18,089	18,089	14,523	171	14,694
Wyoming		58,425	35,198	93,623	14,523	3,801	18,324
District of Columbia		422	362,449	362,871	2,469	17,320	19,789
Guam		-0-	135,242	135,242	349	6,483	6,832
Puerto Rico		-0-	2,006,378	2,006,378	11,283	95,880	107,163
Virgin Islands		-0-	56,228	56,228	319	2,687	3,006
American Samoa		-0-	80,135	80,135	102	3,846	3,948
Totals	$567,527	$3,648,686	$17,431,574	$21,647,787	$672,035	$1,008,053	$1,680,088

Total Proposed
Deferred Funds = Contingency Reserve + Amounts Assessed by State
$2,821,000 = $1,140,912 + $1,680,088

* These totals provided by NPS Finance Division

ZERO-STATE GRANT FUNDING

Senator McClure. Doesn't holding State funding at zero in fiscal year 1983 unfairly penalize those States with relatively small unexpended balances?

Mr. Dickenson. Certainly. I think in all fairness I can say that there are certainly some inequities in the program, Mr. Chairman. But it just simply can't be avoided in light of the need to deal with the overall budget situation.

Senator McClure. Well, I'm concerned that because some of the States have been slow in expending all of their funds that no States, as a result, will receive funding.

Mr. Dickenson. Yes, sir. We've been encouraged recently to see that several States have State programs which are very impressive. And one of those happens to be Idaho, Mr. Chairman. Arizona, California, other States have their own programs and independent funding sources from within the State.

Senator McClure. They have. They did respond.

Mr. Dickenson. They are responding to the need.

Senator McClure. They did respond. It was not in a vacuum that that action took place.

Mr. Dickenson. That's right, sir. Not all States have been doing that, but some have shown a notable response.

ADDITIONAL COMMITTEE QUESTIONS

Senator McClure. Well, thank you very much for your testimony, Mr. Dickenson. We may have some additional questions for the record.

I wish to thank you and all the other witnesses this morning for their testimony. Thank you very much.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Acquisition Management

Question: Mr. Dickenson, funds for acquisition management is proposed for a reduction of 3 million, 910 thousand dollars (or -48%) from 1982 appropriations to date. How is the Park Service able to reduce its acquisitions management funding almost in half while the other agencies today have testified in favor of level or increasing programs? What is lost if this reduction is made? Will the reductions be in the Washington Office, in Region Offices, or in the field?

Answer: A reduction of staff would occur essentially at those field offices where there are no longer funds to continue acquisition. However, the reduction may also occur at the Regional and Washington levels as the overall workload is being reduced.

Appropriation Language

Question: On page 227 of your justifications, you propose two appropriation language changes, one to repeal the use of L&WCF contract authority and the other to make it possible for collecting agencies to use recreation fees, subject to appropriation, rather than have recreation fees deposited into the L&WCF. Would you explain these two proposed changes for us? When was the contract authority last used? Regarding recreation fee earmarking, doesn't that generally lead to additional spending?

Answer: Contract authority under the Land and Water Conservation Fund was used only in fiscal 1969 and 1970, and was intended to supplement the relatively low level of receipts then being paid into the Fund and allow for emergency acquisitions to avoid price escalations or loss of availability. Currently receipts for the L&WCF are authorized at $900 million annually. Moreover, requirements which previously would have been funded from advance contract authority are now accomplished through reprogramming actions or supplemental requests. Consequently, both this Administration and the previous Administration have requested removal of this contract authority.

The language change related to recreation fee revenues would make available to the National Park Service, subject to appropriation, the revenues it collects for entrance, campground and other user fees. These revenues will be returned to the parks to cover various operating expenses including fee collection, the operation of visitor transportation systems, and other services which directly benefit the visiting public. Rather than increasing spending from the general fund of the Treasury, earmarking these revenues for use by the National Park Service would permit those visitors who benefit from specific services to pay a portion of the cost of providing them, thereby reducing the financial burden on the general taxpayer.

Authorization Ceilings

Question: Does the NPS Have cases where the authorization ceiling needs to be raised before additional appropriations may be provided? (4 cases -- Cape Cod; Cape Lookout Nat'l. Seashore; Sleeping Bear Dunes; Voyageurs). What is the status of those authorization proposals?

Answer: The proposal to increase the statutory ceiling for land acquisition for Voyageurs National Park was provided on October 29, 1981, by the Director of the National Park Service to the Senate Subcommittee on Public Lands and Water Resources, Committee on Energy and Natural Resources during hearings on Senate Bill S265 pertaining to Voyageurs NP.

Letters pertaining to the increases in statutory ceilings for land acquisition for Cape Cod and Cape Lookout National Seashores and for Sleeping Bear Dunes National Lakeshore were forwarded on April 14, 1982, to the House Committee on Interior and Insular Affairs and the Senate Committee on Energy and Natural Resources.

Deficiencies or Court Awards

Question: On page 244 of your justifications, you list the 9 park areas representing the bulk of the NPS request for 1983. Are those areas still current? Are there any other areas where you anticipate deficiencies or court awards in 1983 that are not included in your 1983 proposal?

Answer: Based on our expectations of anticipated awards in fiscal year 1983, the areas in the FY 83 Budget Request are still current. We do anticipate awards at Congaree Swamp National Monument, Gulf Islands National Seashore and additional awards at Sleeping Bear Dunes National Lakeshore. However, based on the information we have been provided concerning those awards, we expect them to be appealed and do not anticipate additional funding needs in FY 83.

Golden Gate National Recreation Area

Question: Mr. Dickenson, quite a lot of activity has occurred in the past 6 months regarding Sweeney Ridge, in Golden Gate NRA. What is the status of NPS acquisition efforts in that area at this time?

Answer: The National Park Service has stated its intention to postpone the acquisition of Sweeney Ridge and to propose reprogramming of funds appropriated for that property to higher priority needs, namely payment of deficiencies.

It is our understanding that the Appropriation Committees will not act on a reprogramming request until a valid appraisal is submitted. Thus on March 18 an appraisal contract was awarded. Following receipt of the appraisal report and review and approval thereof, a reprogramming request will be forwarded, with the appraisal, for consideration.

Question: We are informed that the cost of NPS appraisal will be 148 thousand dollars, which may be the costliest single property appraisal ever. Why is that appraisal going to cost so much?

Answer: Yes, this is a very costly valuation effort, but it involves far more than just an appraisal. By way of brief summary the appraisal effort involved the following:

1. Real estate research, overall analysis and value conclusions by the Contract Appraiser, Hector Leslie, MAI. $44,000.

2. Geologic and soils analysis preliminary to design and engineering criteria for highest and best use analysis. This will include:

   a. Geologic mapping, subsurface drilling and seismic profiles.

   b. Laboratory testing for compression, strength, etc.

   c. Plotting, and graphing data.

   d. Final analysis of soil and geologic impacts on development. Subcontractor is W. F. Jones, PE. $50,400.

3. Developmental engineering and planning for the highest and best use of the property.

   a. Site plans for development.

   b. Development cost analysis.

   c. Public services and traffic services cost analysis. Subcontractor is Paul Reimer Assoc. $54,400

Total Contract Cost $148,800

Each component part of the entire contract effort is well within reasonable cost ranges compared to similar appraisal, engineering and soils analysis work. I do not recall that we have combined all three of these into one contract assignment. In this case it is justified because of the great impact that soils, wind, erosion and seismic action has on developability of the property.

The appraisal contract requires two completely independent analyses of the property. One on a "before and after" basis of the entire ownership containing 1,097-acres of West Aspen Co., the present owners of the property and another of only the Trust for Public Lands (TPL) optioned land of 1,047-acres (plus roadway of 16.72-acres). It was decided to have the property appraised under both ownership assumptions since there was no assurance that TPL would exercise its option and to have the necessary information with which to deal with West Aspen Company should that be required at a later date. It was also thought desirable by both the National Park Service and TPL to have both valuations made to once and for all resolve the issue as to whether West Aspen Company was retaining for itself the most valuable portions of the whole property while TPL was selling to the National Park Service, what would otherwise be open space.

Question: Is it necessary to do all the engineering and soils work that you planned in order to do a thorough appraisal?

Answer: Yes, it is critical in this case to prepare detailed soils and geologic information just the same as any potential developer might do in order to be totally informed regarding risks, costs and developability. As you know, this area adjoins the San Andreas Fault and also has soils subject to slides when combined with severe slopes. Recent soil slides in the immediate area highlight the necessity for such analysis to allow an informed development plan for the property.

Question: Have similar engineering reviews been performed on the tract recently? By reputable firms?

Answer: In 1966 the former owner, Consumers Ice Co. had a geophysical study performed by Griboldi, Jacobs, Jones and Associates.

West Aspen Company, the present owners, had a geotechnical study prepared in February 1979, by Cooper, Clark and Associates.

Question: Isn't that data available for use?

Answer: Yes, our contractor has requested the data and the owners have cooperated in making what they have available. The National Park Service believed it was important to have a new analysis of the geophysical data, particularly in view of rains, erosion and slides subsequent to prior studies.

Question: It seems to this Committee that no action should be taken until the appraisal work is complete -- will that be done in time for FY 1983 action (if necessary), say by July 1, 1982? Why didn't the NPS get started on this appraisal earlier?

Answer: No. The appraisal will be made available, barring unforeseen difficulties, with the reprogramming request by August 15, 1982. The appraisal furnished by TPL to the Service was finally disapproved on December 31, 1981. By February 10, 1982, a complete and detailed request for fee proposals was prepared. Responses were received to the request for proposals by March 2, and it was hoped that an award could be made on March 3. However, each proposal lacked data in critical areas, therefore, additional time to respond was required. Final negotiations were not complete until March 18, 1982.

Estimated Deficiencies

Question: For deficiencies to be covered in 1983, please provide a table showing amounts deposited and estimated deficiencies, so the Committee can compare awards to deposit.

Answer: National Park Service

Area	Amount Deposited	Estimated Awards
Big Cypress NPres., Florida	1/	$ 14,000,000
Big Thicket NPres., Texas	1/	4,500,000
Cape Cod NS, Massachusetts	1/	6.500,000
Cape Lookout NS, North Carolina	1/	2,000,000
Cumberland Island NS, Georgia	1/	1,000,000
Gulf Island NS, Florida, Mississippi	1/	3,700,000
Lassen Volcanic NP, California	$992,000	5,500,000 2/
Sleeping Bear Dunes NL, Michigan	1/	8,400,000

Area	Amount Deposited	Estimated Awards
Voyageurs NP, Minnesota	1/	3,800,000
Deficiencies (General)	1/	2,200,000
Total	992,000	51,600,000

1/ The National Park Service when utilizing eminent domain authority files a condemnation without a declaration of taking. The land remains in private ownership until an award is rendered. At that point money is paid into the court and the title transfers to the United States.

2/ This amount represents an additional deposit on a condemnation with declaration of taking. The action was filed to prevent further geothermal exploration and development and was without the benefit of an appraisal since the landowner would not allow one.

Cost Elements

Question: Prepare a brief statement listing the specific cost elements being charged to the "acquisition management" activity as contrasted to the "land acquisition" activity.

Answer: Acquisition management includes the following cost elements which are incurred by land acquisition personnel as a direct part of acquisition of lands and interest in lands; office rental costs, supplies, transportation and personnel compensation. Land acquisition activities not only include the cost of land, but also include the other direct costs associated with acquisition. These cost elements include contract appraisal work, title evidence, title insurance, mapping, survey, and relocation expenses. The cost elements in acquisition management and land acquisition activities are all part of the direct cost associated with land acquisition.

Questions Submitted by Senator Patrick J. Leahy

Land and Water Conservation Fund

Question: Please provide a state-by-state breakdown of how much funds have been frozen.

Answer: The following State-by-State listing identifies the amount of Land and Water Conservation Fund assistance available to the states which was frozen on March 22, 1982, temporarily while the allocation of the deferral of $2.8 million was being determined. This allocation has now been determined and as of April 15, the remaining balances have been released.

State	Special Reapportionment Account FY 1981	Special Reapportionment Account FY 1982	Current Unobligated Funds	Total Available Funds
Alabama	$	$84,686	$54,693	$139,379
Alaska		7,577	171,992	179,569
Arizona		56	-0-	56

State	Special Reapportionment Account FY 1981	Special Reapportionment Account FY 1982	Current Unobligated Funds	Total Available Funds
Arkansas		30,558	134,926	165,484
California		186,189	1,079,708	1,265,897
Colorado	10,030	27,608	27,379	65,017
Connecticut		311,791	11,700	323,491
Delaware		-0-	253	253
Florida		3,991	782,443	786,434
Georgia		91,852	432,907	524,759
Hawaii	197,552	65,916	804,564	1,068,032
Idaho		20,792	112,877	133,669
Illinois		683,355	449,073	1,132,428
Indiana		290,185	1,400	291,585
Iowa		-0-	243,435	243,435
Kansas		124,439	14,582	139,021
Kentucky		-0-	613,678	613,678
Louisiana		15,110	46,307	61,417
Maine	270,127	74,325	4,138,064	4,482,516
Maryland		6,101	273,830	279,931
Massachusetts		1,601	203,284	204,885
Michigan	10,107	858,015	510,959	1,379,081
Minnesota		463	328,303	328,766
Mississippi		16,422	56,367	72,789
Missouri		700	111,793	112,493
Montana	42,809	14,863	61,589	119,261
Nebraska		1,002	-0-	1,002
Nevada		-0-	-0-	-0-
New Hampshire		-0-	341,333	341,333
New Jersey		3,670	-0-	3,670
New Mexico		661	95,861	96,522
New York		68,485	854,678	923,163
North Carolina		93,413	2,825	96,238
North Dakota	36,902	8,919	93,875	139,696
Ohio		102,449	64,284	166,733
Oklahoma		23,978	32,990	56,968
Oregon		51,136	178,755	229,891
Pennsylvania		76,186	359,165	435,351
Rhode Island		38,046	36,924	74,970
South Carolina		67,802	185,850	253,652
South Dakota		76,572	51,589	128,161
Tennessee		718	519,856	520,574
Texas		53,500	91,118	144,618
Utah		-0-	13,520	13,520
Vermont		-0-	517,252	517,252
Virginia		-0-	575,879	575,879
Washington		-0-	24,747	24,747
West Virginia		6,707	31,248	37,955
Wisconsin		-0-	18,089	18,089
Wyoming		58,425	35,198	93,623
District of Columbia		422	362,449	362,871
Guam		-0-	135,242	135,242
Puerto Rico		-0-	2,006,378	2,006,378

BEST COPY AVAILABLE

BEST COPY AVAILABLE

State	Special Reapportionment Account FY 1981	Special Reapportionment Account FY 1982	Current Unobligated Funds	Total Available Funds
Virgin Islands		-0-	56,228	56,228
American Samoa		-0-	80,135	80,135
Totals	$567,527	$3,648,686	$17,431,574	$21,647,787*

* An additional $1,140,912 was available in the Contingency Reserve Account.

Question: Please provide a state-by-state breakdown of the amount and precentage of each state's funds that remain unobligated by the state?

Answer: The following list, as of 3/31/82, identifies State-by-State the total amount of L&WCF assistance apportioned over the life of the program, the unobligated balance, and the percentage per State of unobligated balance. It should be noted that $2.723 billion has been apportioned over the life of the program and only $16.98 million remains unobligated.

State	Net Apportionment Sum	Unobligated Apportionment Balance	Percent Unobligated
Alabama	$44,150,862.25	$54,692.63	.1
Alaska	23,882,356.01	137,205.34	.6
Arizona	38,573,435.41	-0-	-0-
Arkansas	33,999,034.19	135,099.79	.4
California	194,478,249.63	1,079,708.48	.6
Colorado	40,836,818.29	27,379.34	.1
Connecticut	45,051,329.63	11,699.84	-0-
Delaware	25,316,215.78	67.75	-0-
District of Columbia	11,784,691.76	26,035.62	.2
Florida	81,724,857.38	782,443.34	1.0
Georgia	55,923,457.16	432,906.65	.8
Hawaii	26,935,795.89	804,564.36	3.0
Idaho	27,199,008.24	112,876.73	.4
Illinois	113,090,584.67	450,169.44	.4
Indiana	59,167,148.45	1,400.04	-0-
Iowa	38,371,217.46	-0-	-0-
Kansas	35,211,659.38	14,581.56	-0-
Kentucky	41,207,947.12	743,713.16	1.8
Louisiana	50,566,117.37	46,306.82	.1
Maine	26,848,835.49	4,138,036.03	15.4
Maryland	56,617,351.45	273,830.36	.5
Massachusetts	70,924,682.72	203,283.78	.3
Michigan	93,070,566.15	510,958.56	.5
Minnesota	50,049,462.44	328,302.98	.7
Mississippi	32,233,053.87	56,366.80	.2
Missouri	61,229,821.25	111,793.50	.2
Montana	26,769,774.49	61,589.09	.2
Nebraska	31,665,321.12	-0-	-0-
Nevada	27,048,851.27	.10	-0-
New Hampshire	25,518,571.66	341,333.45	1.3
New Jersey	87,271,192.14	-0-	-0-

BEST COPY AVAILABLE

State	Net Apportionment Sum	Unobligated Apportionment Balance	Percent Unobligated
New Mexico	28,428,946.26	146,661.78	.5
New York	173,072,365.30	854,678.37	.5
North Carolina	51,767,610.86	2,824.73	-0-
North Dakota	24,198,512.61	93,875.43	.4
Ohio	106,837,830.22	64,284.29	.1
Oklahoma	38,546,940.98	32,989.52	.1
Oregon	41,605,561.63	178,754.55	.4
Pennsylvania	121,154,897.55	359,165.24	.3
Rhode Island	27,932,674.22	36,924.06	.1
South Carolina	40,575,587.11	185,850.35	.5
South Dakota	25,966,786.00	51,589.44	.2
Tennessee	50,486,689.80	519,855.98	1.0
Texas	115,346,332.71	91,118.38	.1
Utah	33,976,709.78	13,520.10	-0-
Vermont	23,013,035.70	517,251.55	2.2
Virginia	56,736,183.04	575,879.42	1.0
Washington	47,790,632.20	24,746.65	.1
West Virginia	31,313,062.55	31,248.14	.1
Wisconsin	53,793,190.62	.07	-0-
Wyoming	23,413,526.61	35,198.22	.2
American Samoa	786,308.43	80,135.00	10.2
Guam	1,326,728.38	137,241.65	10.3
Puerto Rico	27,268,480.10	2,006,377.91	7.4
Virgin Islands	1,496,481.12	56,228.00	3.8
Totals	$2,723,553,343.90	$16,982,744.37	.6

Question: What is the difference between the total amount that has been frozen and the $2.8 million that the Park Service is requesting for administrative purposes?

Answer: The difference between the total amount frozen or placed on administrative hold, $22,788,699 (including $1,140,912 in unobligated Contingency Reserve Funds) and the $2,821,000 deferred amount proposed to be utilized for FY 1983 administrative expenses equals $19,967,699.

Question: If the frozen funds total more than $2.8 million, does the Service plan to reapportion these surplus funds? If so, how will these funds be distributed to ensure fairness among the states? If the Service does not plan to redistribute the funds why not? What purposes will they be used for?

Answer: On April 15, 1982, the National Park Service lifted the administrative hold placed on the unobligated L&WCF assistance available to the States. This was after a procedure was developed which identified where the $2.821 million would be taken. The following process was used to identify the amount assessed each State to the nearest dollar.

The unobligated amount available in the Contingency Reserve account, $1,140,912, was deducted from the total of $2,821,000, leaving a balance of $1,680,088.

Forty percent of the remaining balance ($672,035) was deducted equally from the States. This amount worked out to a figure of $14,523 per State. Those States without total available funds (both unobligated and special reapportionment accounts) in the "equal" ($14,523) amount were assessed only the funds that they had available. The District of Columbia and four U.S. Territorities were assessed less than the States.

The remaining 60 percent of the funds available ($1,008,053) was divided proportionally, based on the total available funds per State (both unobligated and special reapportionment accounts) after the equal assessment was subtracted. As a result, those States with more funds available were affected more than those States with good obligation rates.

The $19,967,699 in total available uncommitted L&WCF assistance remaining after the $2,821,000 deferral is now available again to the States.

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

Land Acquisition Program

Question: Please give the status of each project for which acquisition funds were made available in FY 1982.

What has been the impact of the 4% cut on the acquisition program?

Answer: The following table gives the status of the FY 1982 appropriation by area. The 4% cut was across the board prior to appropriation and is viewed at this time as having relatively little impact on the acquisition program.

National Park Service

Area	Appropriated FY 1982	Obligated 03/31/82	Unobligated
Allegheny Portage RR NHS, PA	$ 480,000	$ -	$ 480,000
Appalachian NS Trail	2,688,000	-	2,688,000
Big Cypress NPres., FL	5,904,000	5,420,739	483,261
Biscayne NP, FL	1,920,000	-	1,920,000
Buffalo N. River, AR	2,112,000	1,927,899	184,101
Channel Islands NP, CA	3,840,000	-	3,840,000
Chattahoochee River NRA, GA	13,920,000	13,920,000	-
Cumberland Island NS, GA	9,600,000	9,600,000	-
Cuyahoga Valley NRA, OH	4,800,000	1,039,585	3,760,415
Delaware Water Gap NRA, PA, NJ	960,000	-	960,000
Ebey's Landing NH Reserve, WA	2,016,000	-	2,016,000
Fort Sumter NM, SC	368,000	-	368,000
Golden Gate NRA, CA	9,600,000	-	9,600,000
Indiana Dunes NL, IN	2,304,000	1,159,055	1,144,945
Jean Lafitte NHP, LA	2,400,000	2,120,500	279,500
Lower St. Croix NSR, MN, WI	960,000	25,649	934,351
New River Gorge NR, WV	1,920,000	-	1,920,000
Redwood NP, CA	2,880,000	-	2,880,000
St. Croix WSR, MN, WI	480,000	90,114	389,886
San Antonio Missions NHP, TX	1,344,000	-	1,344,000
Santa Monica Mtns. NRA, CA	4,800,000	255,766	4,544,234
Upper Delaware Scenic River, PA	576,000	-	576,000
Valley Forge NHP, PA	3,840,000	-	3,840,000
Virgin Islands NP, VI	3,408,000	3,408,000	-
Acquisition Management	8,160,000	3,427,413	4,732,587

Area	National Park Service Appropriated FY 1982	Obligated 03/31/82	Unobligated
Deficiencies	960,000	717,596	242,404
Inholdings	960,000	40,000	920,000
Totals	$ 93,200,000	$ 43,152,316	$ 50,047,684 46% Obligated

Question: If the Congress were to make available funds for Federal land acquisition, as we did last year, what would be the National Park Service's priorities assuming a total funding availability of a) $100 million and b) $200 million?

Please provide a comprehensive list, with full justifications, for the record. Also, please indicate funding needs for adequate staff to administer an acquisition program at each level.

Answer: On May 15, 1982, the Department of the Interior adopted a new land protection policy for use of the Federal portion of the Land and Water Conservation Fund. This policy places emphasis on the use of alternatives to full fee acquisition and method of protection. As part of the implementation process, the agencies are currently reviewing all existing land acquisition plans and revising them as necessary to comply with the new policy. The new land protection plans are scheduled to be completed and approved by the Directors of each agency/bureau and the appropriate Assistant Secretaries by fiscal year 1984. New land protection plans will be completed first on areas which have acquisition funds currently available. When the plans are completed, we will know what level and method of protection is most cost effective, thereby identifying the amount of funding necessary to protect these areas. Until that time, we are unable to indicate how any additional funds would be spent to acquire lands in specific areas.

Question: In a March 1982 report on National Park Service land acquisition policies and practices issued by the Interior Department's Inspector General, several important findings were made which, as I fully and confidently anticipated, thoroughly exonerated the National Park Service from cheap allegations made in the past that

1) the National Park Service misrepresented deliberately to the Congress land acquisition costs for new or expanded park areas;

2) park boundaries were established or changed to benefit certain private interest groups or property owners; and

3) property owners were not treated consistently.

However, the Inspector General did find that "delays in providing property owners with information concerning when and if their land will be acquired, as well as delays in acquiring their lands because of inadequate funding, are unfair to them".

**Do you generally agree with these findings?

Answer: Historically, funds for land acquisition have never been requested or appropriated at a rate that would permit the acquisition of all lands within one fiscal year. Until such time as land has been acquired, an owner can sell his property as he wishes. In recent years, authorization at some areas occurred without in-depth understanding as to interests to be acquired. This further delays funding requests.

**Do you believe the FY 1983 budget request for NPS land acquisition will exacerbate the last finding?

Answer: Because of the necessity to curtail federal spending, we are seeking alternatives to fee purchase, thereby eliminating the need to buy all private lands within park boundaries. With limited funding the first priority must be the payment of outstanding condemnation awards as judgments are rendered by the courts. Some of these tracts have been in condemnation for three and four years and when judgments are received, the awards should be paid promptly.

**As a longstanding professional, have delays in acquiring land scheduled for acquisition resulted in good feelings about the NPS - or have such delays made landowners feel park professionals are acting in bad faith and led to increased frustration by all parties - in effect, contributing the lack of confidence in the government's ability to carry out its word?

Answer: The delays in acquiring land have resulted in some frustration by landowners. However, we are striving to alleviate these frustrations by explaining the funding situation and our inability to buy due to the need for curtailment of Federal spending. It is anticipated that the Land Protection Plans to be "crafted" in accordance with the new policy will further alleviate these problems through the recommendation of alternatives to fee purchase.

Question: How much, on average, are land costs escalating in areas which NPS considers a high priority for acquisition? Do delays generally result in higher costs?

Answer: The highest priority we have for acquisition is the payment of deficiency awards. For those areas identified in the fiscal year 1983 budget request the rate of escalation is as follows:

National Park Service

Area	Percentage Escalation Rate
Big Cypress NPres., Florida	10% Interest
Big Thicket NPres., Texas	15%
Cape Cod NS, Massachusetts	10%
Cape Lookout NS, North Carolina	10%
Cumberland Island NS, Georgia	10%
Gulf Islands NS, Florida, Mississippi	14.5% Interest
Lassen Volcanic NP, California	Unknown
Sleeping Bear Dunes NL, Michigan	10% Interest
Deficiencies	10%

In several areas the figure shown above represents the interest rate. Delays do not necessarily result in increased costs, but could be considered a major factor in increased costs when of a long duration.

State Assistance Program

Question: There has been considerable confusion over the terms "unobligated" and "unexpended" funds appropriated to the State side of the Land and Water Conservation Fund.

Please define each and indicate how much BA from prior years is unobligated by state and how much is unexpended by state.

In addition, please indicate what the expenditure rate has been over the last two years, what the past two years' experience with proposed rescissions has been in relation to expenditure rates, whether or not the current expenditure rate is escalating, and what you believe the rate will be for the remainder of FY 1982.

Answer: The "unobligated" balance of the Land and Water Conservation Fund State Assistance Program refers to the amount of funds appropriated and apportioned to the States which have not been obligated or committed by the Federal Government to projects in the States. As of March 31, 1982, the unobligated balance totals $16,982,744. The "obligated but unexpended" balance for the Land and Water Conservation Fund State Assistance Program refers to the amount of funds obligated but not reimbursed to the States. As of March 31, 1982, the unexpended balance among the States totaled $490 million. The following chart identifies on a State-by-State basis the remaining unobligated and obligated but unexpended balances as of March 31, 1982.

State	Unobligated Balance as of March 31, 1982	Obligated but Unexpended as of March 31, 1982
Alabama	$54,692.63	$4,413,469.49
Alaska	137,205.34	4,477,568.44
Arizona	-0-	5,820,338.05
Arkansas	135,099.79	4,047,889.00
California	1,079,708.48	47,385,051.67
Colorado	27,379.34	9,015,440.57
Connecticut	11,699.84	9,406,288.58
Delaware	67.75	3,538,273.50
District of Columbia	26,035.62	3,293,400.15
Florida	782,443.34	12,098,296.66
Georgia	432,906.65	9,795,911.78
Hawaii	804,564.36	2,913,253.69
Idaho	112,876.73	4,517,173.73
Illinois	450,169.44	13,729,689.45
Indiana	1,400.04	7,303,109.00
Iowa	-0-	3,108,794.50
Kansas	14,581.56	3,528,126.96
Kentucky	743,713.16	6,648,196.24
Louisiana	46,306.82	5,579,643.65
Maine	4,138,036.03	2,853,549.04
Maryland	273,830.36	16,233,547.40
Massachusetts	203,283.78	20,740,168.14
Michigan	510,958.56	17,402,432.60

State	Unobligated Balance as of March 31, 1982	Obligated but Unexpended as of March 31, 1982
Minnesota	$328,302.98	$8,969,845.81
Mississippi	56,366.80	4,722,386.92
Missouri	111,793.50	5,009,388.16
Montana	61,589.09	1,595,480.72
Nebraska	-0-	2,656,224.00
Nevada	.10	2,913,962.69
New Hampshire	341,333.45	4,803,254.09
New Jersey	-0-	26,338,396.25
New Mexico	146,661.78	2,238,641.82
New York	854,678.37	56,468,414.45
North Carolina	2,824.73	8,671,986.74
North Dakota	93,875.43	1,989,702.76
Ohio	64,284.29	21,459,452.94
Oklahoma	32,989.52	5,429,947.12
Oregon	178,754.55	5,518,595.74
Pennsylvania	359,165.24	25,473,283.18
Rhode Island	36,924.06	7,121,375.77
South Carolina	185,850.35	4,608,456.09
South Dakota	51,589.44	1,978,676.60
Tennessee	519,855.98	7,512,378.15
Texas	91,118.38	21,179,296.54
Utah	13,520.10	1,887,801.47
Vermont	517,251.55	4,211,417.32
Virginia	575,879.42	11,290,390.01
Washington	24,746.65	7,449,004.55
West Virginia	31,248.14	4,665,054.16
Wisconsin	.07	7,070,018.65
Wyoming	35,198.22	2,182,658.50
American Samoa	80,135.00	125,245.00
Guam	137,241.65	352,068.00
Puerto Rico	2,006,377.91	6,432,427.73
Virgin Islands	56,228.00	397,902.39
Totals	$16,982,744.37	$490,572,746.61

A comparison of expenditure rates shows that in 1978 States expended $180 million and in 1980 increased that expenditure to $307 million. Expenditures totaled $286.6 million in fiscal 1981 and are anticipated to total $267.8 million in fiscal 1982. As a result, we anticipate that the unexpended balance by the end of fiscal 1982 should be less than $300 million.

Question: Earlier this year, Secretary Watt testified that it was not his intent to terminate the states' participation in the Land and Water Conservation Fund.

Does this remain the Department's policy?

What has the states experience been this year, given no new funds in FY 1982? That is, by state indicate how many staff positions have been eliminated, how many projects are eligible but lack funds, how many states have picked up the program on their own, and what the states project in their plans for the next year, absent any new Federal matching funds.

Answer: The Department recognizes the value of the Land and Water Conservation Fund State Assistance Program and the many public outdoor recreation areas and facilities acquired or developed throughout the country. However, due to the efforts underway to control inflation and guide the Nation's economic recovery, no appropriation for the State program has been requested for FY 1983. When the economic situation improves and the Federal deficit is thereby substantially reduced, the Administration would propose to resume the L&WCF state assistance program.

For the most part, the States have been concentrating their resources on administering the 7,800 projects still active and utilizing any remaining or recovered funds from previous years on high priority projects. While it is not possible to identify the number of planning and grant positions which have actually been eliminated or reduced, a survey done by the National Park Service in January 1982 indicated that substantial reductions had already occurred during 1981 and more were likely in 1982. Most States already had reduced their staffing to the minimum required. A few examples are as follows:

Washington -- Planning staff and grant staff have each been reduced by one position.

Oregon -- A reduction of one grant administrator with the possibility of another position lost in FY 1982 along with a State Comprehensive Outdoor Recreation Planning position.

Kansas -- Currently has a staff of five with likely elimination of two positions in FY 1982.

Nebraska -- Currently consists of a staff of four, which will be reduced to two if additional appropriations are not forthcoming.

Michigan -- The State has indicated that the SCORP staff will be eliminated by October 1982.

Minnesota -- The SCORP staff will be eliminated by October 1982.

Georgia -- State staffing level was reduced from seven to five in FY 1982. An additional position will be eliminated in FY 1983.

New York -- State staffing level will remain at current level, however, reductions may occur in FY 1983.

New Hampshire -- State staffing level is likely to decrease by one position during the upcoming year.

Question: The Department recently requested a deferral of $2.8 million appropriated to the states in FY 1981, presumably to be reprogrammed next year to defer Federal expenses in administering this program.

Who suggested that these expenses be funded by deferral, rather than by new BA -- the Department, OMB or the Park Service?

How will it be possible to capture fairly this much BA from the various states?

Do you project that some states, who have obligated nearly all their prior year funds, will in effect pay only a small percent, and that a few states which have been unable to obligate as high a percent of prior years funds will pay a disproportionate share? Please give a list of how much you expect each state to contribute, and contrast this to prior year appropriations by state.

Have you considered submitting a new budget estimate to cover this expense instead of requesting a deferral of state grant monies?

Answer: The proposal that administrative costs in fiscal 1983 for the Land and Water Conservation Fund State Assistance Program be funded out of the deferral was proposed by the Office of Management and Budget. This was viewed as the most cost effective means for funding administrative costs in order to aid in reducing the overall budget deficit.

In order to insure that the deferral of the $2.821 million from the States' unobligated balances was done in as fair a means as possible, the following process was developed.

The unobligated amount available in the Contingency Reserve account, $1,140,912 was deducted from the total of $2,821,000 leaving a balance of $1,680,088.

In deferring the $1,680,088 from the States, the apportionment formula in the L&WCF Act was used as a basis for developing the procedure. That is, 40 percent of the $1.68 million was shared equally (depending on the amount available) and 60 percent was divided proportionally based on the total available funds per State.

Forty percent of the remaining balance ($672,035) was deducted equally from the States. This amount worked out to a figure of $14,523 per State. Those States without total available funds (both unobligated and special reapportionment accounts) in the "equal" ($14,523) amount were assessed only the funds that they had available. The District of Columbia and the four U.S. Territories were assessed less than the States.

The remaining 60 percent of the funds available ($1,008,053) was divided proportionally, based on the total available funds per State (both unobligated and special reapportment accounts) after the equal assessment was subtracted. As a result those States with more funds available were affected more than those States with good obligation rates.

The following chart identifies the total available funds per State (special reapportionment accounts and uncommitted balance), the total amount assessed each State in order to meet the total of $1,680,088. The final column lists the final revised FY 1981 apportionment by State taking into account the rescission of $55 million in L&WCF State assistance and adjustment to reallocate the appropriation.

State	Total Available Funds	Total Amount Assessed Each State	Final Revised FY 1981 Apportionment
Alabama	$139,379	$20,523	$2,911,680
Alaska	179,569	22,455	1,499,382
Arizona	56	56	2,745,899
Arkansas	165,484	21,778	2,230,303
California	1,265,897	74,662	12,522,929
Colorado	65,017	16,950	2,607,842
Connecticut	323,491	29,371	2,927,970
Delaware	253	253	1,607,760
Florida	786,434	51,620	5,521,671
Georgia	524,759	39,044	3,398,752
Hawaii	1,068,032	65,153	1,763,679
Idaho	133,669	20,249	1,951,068
Illinois	1,132,428	68,247	6,745,715
Indiana	291,585	27,838	4,668,084
Iowa	243,435	25,524	2,371,577
Kansas	139,021	20,506	2,226,459
Kentucky	613,678	43,317	2,646,636
Louisiana	61,417	16,777	3,210,083
Maine	4,482,516	229,246	1,711,645
Maryland	279,931	27,278	3,357,350
Massachusetts	204,885	23,671	4,347,090
Michigan	1,379,081	80,101	5,717,535
Minnesota	328,766	29,625	3,067,011
Mississippi	72,789	17,323	2,120,004
Missouri	112,493	19,231	3,408,229
Montana	119,261	19,557	1,596,161
Nebraska	1,002	1,002	1,931,698
Nevada	-0-	-0-	1,989,441
New Hampshire	341,333	30,229	1,686,878
New Jersey	3,670	3,670	5,061,383
New Mexico	96,522	18,464	1,761,277
New York	923,163	58,190	10,209,472
North Carolina	96,238	18,450	3,405,546
North Dakota	139,696	20,539	1,573,296
Ohio	166,733	21,838	6,410,361
Oklahoma	56,968	16,563	2,489,452
Oregon	229,891	24,873	2,358,567
Pennsylvania	435,351	34,747	6,935,113
Rhode Island	74,970	17,428	1,823,272
South Carolina	253,652	26,015	2,837,198
South Dakota	128,161	19,984	1,575,264
Tennessee	520,574	38,843	3,177,253
Texas	144,618	20,775	7,411,617
Utah	13,520	13,520	2,587,929
Vermont	517,252	38,683	1,472,410
Virginia	575,879	41,501	3,536,459
Washington	24,747	15,014	3,015,664

State	Total Available Funds	Total Amount Assessed Each State	Final Revised FY 1981 Apportionment
West Virginia	$37,955	$15,649	$2,000,490
Wisconsin	18,089	14,694	3,333,631
Wyoming	93,623	18,324	1,822,919
District of Columbia	362,871	19,789	587,269
Guam	135,242	6,832	55,795
Puerto Rico	2,006,378	107,163	2,269,650
Virgin Islands	56,228	3,006	51,585
American Samoa	80,135	3,948	17,255
Contingency	1,140,912	-0-	2,440,999
Totals	$22,788,699	$1,680,088	$174,711,658

As the deferral of the $2.821 million funds available to the States has already occurred we are not considering a new budget estimate. The $2.821 million should be adequate to cover FY 1983 administrative expenses based on no grant appropriation for FY 1983.

Question: What is the annual visitation rate to Federal parks? to State parks? to local parks? What was the rate for each 10 years ago? What was the rate for each 20 years ago? What was the rate for each 30 years ago? What is the projected rate for each 10 years hence? 20 years hence?

Answer: The following chart provides annual visitation rates as available for Federal, State, and local parks. It should be noted that future estimates for State and local park visitation are not available.

ANNUAL VISITATION RATES FOR
FEDERAL, STATE AND LOCAL PARKS

Year	Federal Parks[a]	State Parks[b]	Local Parks[c]
1950	33,252,589 (recreation visits)	114,290,867 (visitors)	Not available
1960	79,229,000	259,001,001	94,761,000[d]
1970	172,004,600	391,062,694	1,562,101,000[e]
1980	220,463,211	548,912,206	Not available
1990	478,012,000[f] 510,978,000[g]	Not available	Not available
2000	642,843,000[f] 833,059,000[g]	Not available	Not available

a/ Federal parks data source from "Statistical Abstract" and "Public Use Statistics," produced by the Denver Service Center, National Park Service.

b/ State parks data source from "State Park Statistics," series produced by the National Association of State Park Directors and the National Recreation and Park Association.

c/ The local data comes from discreet surveys rather than a continuous data series, therefore, limiting comparability of figures over time. No organization or agency compiles figures for parks visitation. Funding for nationwide recreation planning at the Federal level has not supported the creation of a time series data collection process for the local level.

d/ Total annual daytime visits, from the Outdoor Recreation Review Commission Report, "Public Agencies and Outdoor Recreation," 1960.

e/ Attendance at municipal public recreation areas, from the "Nationwide Inventory of Publicly Owned Recreation Areas," Bureau of Outdoor Recreation, U.S. Department of the Interior, 1965.

f/ Represents a linear growth rate, i.e., under the assumptions that 1) the system will remain constant at the same number of parks, and 2) attendance will grow an average of five percent.

g/ Represents a compounded growth rate, using the assumptions that 1) the system will grow, and 2) attendance will grow an average of five percent.

Jean Lafitte National Historical Park

Question: When will the General Management Plan for the Jean Lafitte NHP, which was due by statute last November -- almost 6 months ago -- be submitted to the Congress? What is the reason for the delay -- since the LPG working draft was completed in January?

Answer: Approval of the final plan for printing is expected on April 20. We expect the printing to be completed in 6 weeks. The plan will be submitted to the Congress as soon as possible following receipt from the printer. The plan referred to as the LPG working draft was the case study for land protection. This document is currently being reviewed within the Service and the Department.

Questions Submitted by Senator Ted Stevens

1. Question: Please concisely outline the current Department of Interior policy and procedure regarding condemnation of inholdings within the national park system.

Response: The Department of the Interior published in the Federal Register on May 7 a general statement of policy entitled "Policy for Use of the Federal Portion of the Land and Water Conservation Fund (L&WCF)." This policy applies to the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management of the Department of the Interior and the Forest Service of the Department of Agriculture. The policy does not specifically address condemnation of inholdings within the National Park System.

The National Park Service is now in the process of revising its Land Acquisition Policy (to be entitled "Land Protection Policy") to conform to the Departmental policy. The Service policy will require that all units of the National Park System with lands remaining in private ownership, develop a Land Protection Plan (to replace present Land Acquisition Plans). Such plans, developed with public participation, will identify the method of assuring the protection of the natural, scenic, cultural, recreational, or other significant resources, and to provide for adequate visitor use at each park. Each plan will also identify the interest in land, if any, to be acquired.

Concerning policy and procedure regarding condemnation of inholdings, in cases where the Government concludes negotiations with the landowner, but there are problems with the title to the property, the case will be submitted to condemnation to clear title. In cases where negotiations cannot be successfully concluded due to disagreement over the value of the property, the case will be submitted to condemnation to establish the value of the property. In addition, in cases where there is a threat to the resource and the Government is unable to negotiate with the landowner, the National Park Service may submit a request for the filing of a declaration of taking to prevent resource damage. Threats could include tree cutting, plans for construction of a building in a prime resource area, or subdivision of a property. In every instance, the interest condemned will be consistent with the Land Protection Plan.

2. Question: I have had a number of people write me regarding their condemnation problems, stating that they were willing to accept easement or use other covenants to avoid acquisition by condemnation. What is the current park policy on acceptance of donated or relatively inexpensive easements in lieu of fee acquisition?

Response: Since January, the National Park Service has received four letters and two mailgrams requesting information on scenic easements and/or offering to sell a scenic easement or to donate for a negligible fee. However, no formal offers have been received. The National Park Service will be pleased to review any valid offers concerning easements that you have received from owners whose land is in condemnation.

Offers to donate or sell scenic easements, on those cases in condemnation previously filed with a United States Court, should be submitted to the United States Attorney handling the case rather than to the National Park Service.

As stated above, the Land Protection Plans will identify the interest, if any, to be acquired in future acquisitions. Those decisions will be based on the legislative history and general legislation affecting all units of the National Park System. Of particular importance in determining the interest to be acquired are the purposes for which the land is to be used and the assurance of long-term resource protection. For example, land needed for development of visitor centers or to be used by the public must be acquired in fee. Certain resources such as historic structures and endangered species habitat may be protected only through the acquisition of fee title. On the other hand, easements may be all that is necessary to protect a scenic vista or to maintain the status quo.

3. Question: Does the National Park Service currently, or has it ever taken a position that it would be unfair to use easements now because past inholders have been forced to sell their land and abandon the property?

Response: There have been instances where the National Park Service has been asked to consider easements in areas designated for fee acquisition. In explaining the reason that an easement is not acceptable, the Service has pointed out that to accept an easement would be unfair to other owners who had sold their property. The fact that other owners have sold is not the justification for acquiring properties in fee; it is simply an additional factor to be considered.

4. Question: Has the agency compiled a list of pending condemnations where it would be possible to use the easement approach with a willing landowner?

Response: No list of this kind has been prepared. However, in consultation with the Assistant Secretary for Fish and Wildlife and Parks, we will soon be making a tract-by-tract evaluation of all pending complaint cases. In the meantime, those cases that have been filed and are being scheduled for trial will proceed.

Those cases that have not yet been filed in a United States District Court and those tracts that have not been acquired or negotiated to conclusion will be reviewed, and the method of protection will be addressed in the revised Land Protection Plan.

Easements will be one of the protection methods considered.

5. Question: What are the potential savings to the Federal Government if lands currently sought through condemnation or planned to be sought through condemnation were acquired through an easement? I recognize that this may be a difficult figure to calculate and will be satisfied with a range of estimates.

Response: As we have indicated, easements are not the solution in all cases. It must be pointed out that a few of the pending condemnation actions involve the acquisition of less-than-fee interests. In order that savings could be estimated, Land Protection Plans would first have to be developed. These plans would identify the interest in land to be acquired. Where easements are recommended, the specific restrictions of those easements and the highest and best economic use of the land involved would be the major factors in determining the cost of the easement. In some cases, an easement may be 90 percent or more of fee value. Once the plans are completed, an estimate can be prepared to determine the savings between acquisition of easements and acquisition of fee. To attempt an estimate at this juncture would be hazardous.

The current estimate of value of properties either recommended for condemnation and/or filed in the United States Court is approximately $186 million. This includes the recent award at Gulf Islands National Seashore of $8.1 million, including interest; a commission recommendation at Congaree Swamp National Monument, which is $25 million over the current authorized ceiling; and an estimated award of $11 million at Sleeping Bear Dunes National Lakeshore (North Manitou Island). This estimate also includes updated cost estimates; for example, $22 million for payment of remaining condemnation awards at Big Cypress National Preserve and $17.7 million for Big Thicket National Preserve. Toward this amount, approximately $58 million has been obligated and/or deposited in the Court, leaving an anticipated shortfall of $128 million. In addition, this estimate does not include the Redwood National Park legislative taking nor does it include the geothermal interest at Lassen Volcanic National Park.

6. Question: Have the General Accounting reports criticizing Park Service land acquisition practices been used in formulating the current department policy regarding land acquisition? Further, have the thrust of these reports been made available to regional and area supervisors?

Response: Yes, the General Accounting Office reports were considered in the development of the Departmental policy and are being considered in the revision of the National Park Service Land Protection Policy.

In disseminating reports, as a general rule, final reports are either sent to the appropriate Regional Director, or, if the report has Servicewide applicability, to all Regional Directors. Further dissemination to the field is left to the discretion of the Regional Directors.

Since December 1979, the General Accounting Office has issued five reports that addressed National Park Service land acquisition and management practices and policies. These reports have been disseminated as follows:

"The Federal Drive To Acquire Private Lands Should be Reassessed"--Copies were sent to all Regional Directors; all Chiefs, Land Acquisition Divisions; all Land Acquisition Officers; and Superintendents of the areas covered in the report.

"Federal Land Acquisition and Management Practices"--Copies were sent to all Regional Directors; all Chiefs, Land Acquisition Divisions; Field Land Acquisition Officers; and the Maintenance Division of the Washington Office.

"Federal Land Acquisition By Condemnation--Opportunities To Reduce Delays and Costs"--Copies were sent to all Regional Directors; Project Manager, Appalachian Trail; and all Field Land Acquisition Officers.

"Lands In the Lake Chelan National Recreational Area Should Be Returned To Private Ownership"--Copies were sent to the Regional Director, Pacific Northwest Region.

"The National Park Service Should Improve Its Land Acquisition and Management At The Fire Island National Seashore"--Copies were sent to the Regional Director, North Atlantic Region; the Chief, Land Acquisition Division, North Atlantic Region; and the Superintendent, Fire Island National Seashore.

7. Question: Could you please outline for us the type of land uses by inholders that you find compatible with management of park units? Recognizing that this may vary from park to park, I would appreciate a general analysis of uses that would clearly be unacceptable and others that clearly would be acceptable in the majority of cases.

Response: The revised Land Protection Plans will identify compatible and incompatible uses by individual property. Generally, compatible use would be the continued use and maintenance of the property as it currently exists, in essence, maintaining the status quo. An incompatible use could be substantial additions to an improvement, cutting of trees, converting a residential property to a commercial use, or subdividing a large property and selling off lots.

SUBCOMMITTEE RECESS

Senator McClure. The subcommittee will stand in recess until Tuesday, April 20, when we will receive testimony from representatives of the Indian Health Service, the Geological Survey, and the Forest Service.

[Whereupon, at 12:30 p.m., Thursday, April 15, the subcommittee was recessed, to reconvene on Tuesday, April 20.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, APRIL 22, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:05 a.m., in room 1318, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Cochran, Rudman, and Leahy.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENT OF JOHN B. CROWELL, ASSISTANT SECRETARY, USDA

ACCOMPANIED BY:

- **R. MAX PETERSON, CHIEF, FOREST SERVICE**
- **DOUGLAS R. LEISZ, ASSOCIATE CHIEF, FOREST SERVICE**
- **J. LAMAR BEASLEY, DEPUTY CHIEF, PROGRAMS AND LEGISLATION, FOREST SERVICE**
- **JOHN H. OHMAN, DEPUTY CHIEF, STATE AND PRIVATE FORESTRY, FOREST SERVICE**
- **RAYMOND M. HOUSLEY, DEPUTY CHIEF, NATIONAL FOREST SYSTEM, FOREST SERVICE**
- **JEROME A. MILES, DEPUTY CHIEF, ADMINISTRATION, FOREST SERVICE**
- **WILLIAM L. RICE, DIRECTOR, PROGRAM DEVELOPMENT AND BUDGET, FOREST SERVICE**
- **LEON H. ANDERSON, DIRECTOR, HUMAN RESOURCES PROGRAMS, FOREST SERVICE**
- **DENNIS KAPLAN, CHIEF, BUDGET CONTROL AND ANALYSIS DIVISION, USDA**

BUDGET REQUEST

Senator MCCLURE. Good morning. This is the time scheduled for review of the 1983 budget request for the Forest Service. Excluding permanent appropriations and the land acquisition program, the 1983 request totals $1,479,584,000, an increase of $84,242,000, or 6 percent, over the 1982 appropriations to date.

Forest Service research is proposed for a reduction of $12,402,000, down 11 percent. State and private forestry is proposed for a reduction of $16,142,000, down 25 percent. The national forest system is proposed for an increase of $69,778,000, up 7 percent. And construction is proposed for an increase of $43,008,000, up 17 percent.

The Forest Service also has a 1982 supplemental appropriations request of $76,600,000 pending before this committee for firefighting expenses incurred in prior years.

The lead witness today will be Mr. John B. Crowell, Jr., Assistant Secretary for Natural Resources and Environment, who will present the policy overview for the Forest Service request.

He will be followed by Chief Max Peterson to discuss the Forest Service proposals in some detail.

Mr. Secretary, you are very welcome before this committee. If you will introduce those at the table with you, we will then proceed to take your statement. As you would note, and I have, it is quite lengthy. I would ask you to summarize it if at all possible. It will, of course, appear in full in the record.

Mr. CROWELL. Thank you, Mr. Chairman. I will summarize my statement.

To my left is Associate Chief Douglas R. Leisz, and to our far right is Deputy Chief for Programs and Legislation, Lamar Beasley.

BUDGET OVERVIEW

I welcome the opportunity to appear before you today, Mr. Chairman, to discuss the fiscal year 1983 budget for the Forest Service. The fiscal year 1983 programs of the Forest Service are proposed for $2,132 million, a 9-percent increase, or $181 million above the level appropriated for fiscal year 1982, about $1,494 million being requested as annual appropriations. Another $638 million in proposed expenditures is being financed by permanent appropriations, trust funds, and other sources.

The requested increase, plus some important shifts in funding among program areas, to which you have already alluded, will significantly raise the level of benefits to the American people and will provide for sounder and more efficient management of our natural resources.

These benefits range from economic goods like wood, oil, gas, and mineral products to such intangibles as the improvement of wildlife habitat. We are endeavoring to improve the return on the public investment represented by the national forests. To do so requires expenditures of funds which will be returned at a substantial increase over several years following their expenditure.

I would like to outline some of this administration's priorities which have shaped this budget. We have emphasized programs which enhance the economic strengths of the United States and which generate receipts to the Federal Government. The national forest system is a tremendous asset which can contribute directly to economic well-being.

National forests contain over 50 percent of the Nation's present standing softwood saw timber supply and an estimated 25 percent of the potential domestic energy resources on national forest system land will continue to be used wisely to meet public needs.

It is a basic principle that the productivity of the land will be protected in all Forest Service programs. We are also dedicated to the principle that there must be a careful consideration of the environmental, economic, and social impacts of Forest Service resource management activities as part of the planning and decisionmaking process.

I would like to show how these priorities were applied to some selective Forest Service programs.

TIMBER OVERVIEW

The fiscal year 1983 budget request provides for timber offerings of 12.3 billion board feet. This represents a substantial increase over the 11 billion board feet we expect to accomplish with the funding available from the fiscal year 1982 Appropriation Act, and it is comparable to the 12.2 billion board feet that was offered for sale in fiscal year 1981.

Some of the reasons for increasing the timber sales program are contained on pages 5 and 6 of my statement, but I will skip those in attempting to save time.

MINERALS PROGRAM

In connection with the minerals program and in response to the intensified interest in exploration and development on the national forests for oil, gas, and minerals, resulting from the Nation's need for energy-related resources, the fiscal year 1983 budget request for minerals of $25 million is a 35-percent increase above the amount appropriated for fiscal year 1982. The fiscal year 1982 appropriation, in turn, was a 22-percent increase above the fiscal year 1981 level.

Special emphasis is being given to coal, petroleum, natural gas, geothermal energy, and to strategic minerals. The expanded program is necessary to keep up with the increase in the number and complexity of lease applications, operating plans, and mineral claims.

Receipts from oil and gas and mineral leases on the national forest lands, which were once public domain, are collected by the Department of the Interior and so are not debited to the Forest Service. In 1982, $185 million in receipts to the Federal Government are expected to be generated from oil and gas and mineral activity on the national forests. In 1983 receipts are anticipated to be $227 million.

Clearly, the returns are high and extremely cost effective from the costs incurred by the Forest Service of the leasing activities which generate these receipts.

RECREATION BUDGET

The $97.9 million requested for recreation represents an 11-percent increase in funding over the amount appropriated for fiscal year 1982. This more than compensates for the effects of inflation. It will offset some of the services that were formerly provided by the Youth Conservation Corps and Young Adult Conservation Corps. This will help the Forest Service cope with the growing use of the national forests for outdoor recreation.

RESEARCH BUDGET

The fiscal year 1983 budget for forest research of $98 million is 11 percent below the amount appropriated for fiscal year 1982. We will still be funding the largest forestry research program in the world, targeted to some serious problems.

For example, our research on acid precipitation will double over the fiscal year 1982 level. The Forest Service will give emphasis to maintaining ongoing research on timber management and genetics, forest products and engineering, forest economics and inventory, protection of forests and rangelands from serious insect and disease problems and protection from fire. Lower priority research will be delayed or terminated.

The Forest Service is also participating in a joint study with the agricultural research agencies and with the Office of Management and Budget to determine if some types of research would be better left to private industry and to help identify priority areas for future work.

STATE AND PRIVATE FORESTRY

The fiscal year 1983 budget for State and private forestry of $47.5 million is 25 percent less than the amount appropriated for fiscal year 1982. It is important to note that, while not displayed in the Forest Service budget, private landowners have been given major economic incentives to engage in forest management by Public Law 96–451, which provides for tax credits and depreciation of reforestation costs.

In addition, the Economic Recovery Tax Act of 1981 reduces income and inheritance taxes which would provide additional incentives for private forest landowners. In forest pest management, the administration's policy is that priority will be given to protecting Federal lands from major outbreaks of pests that do serious economic damage. Our goal is to phase out funding contributions to continuing large-scale cost-sharing suppression programs that are aimed at chronic pests and which do not involve Federal land. Rural fire protection has actually been increased to above the fiscal year 1982 appropriation level.

In order to carry out the programs which are included in this budget it will be necessary for the Forest Service further to increase efficiency. This will involve the consolidation or phasing out of certain work units, particularly in the research program.

CONSOLIDATION OF REGION, STATION, AND AREA OFFICES

In addition, there may be a need to look at the combination of region, station, and area offices. The Appropriation Committees in the past have included language in the administrative provisions of the Appropriations Act which precluded the expenditure of funds to change the boundaries of any region or to move or to close any regional office for research, State and private forestry, and the national forest system without the consent of the concerned congressional committees.

We are specifically requesting the Appropriation Committees to eliminate this language. We will then be able, objectively, to consider boundary changes and consolidation of units, which could reduce costs and increase efficiency. We, of course, will advise the concerned committees before actually effecting any change.

PREPARED STATEMENT

Mr. Chairman, I have touched on the programs where the Reagan administration's new priorities are most evident. After Chief Peterson provides the overview of the budget, we will be happy to address any questions that you or other members of the committee may have.

[The statement follows:]

STATEMENT OF JOHN B. CROWELL, JR.

I welcome the opportunity to appear before you today to discuss the FY 1983 budget for the Forest Service. I am accompanied by R. Max Peterson, Chief of the Forest Service.

In the Budget Message submitted to the Congress on February 8, the President reasserted his firm resolve and adherence to the four policy fundamentals of his economic recovery plan:

- Reduced personal and business tax rates to stimulate saving, investment, work effort, and productivity.
- Firm control over all Federal spending, borrowing, and credit demand.
- Decreased Federal regulatory burden where the Federal Government has intruded excessively and unnecessarily.
- In cooperation with the independent Federal Reserve Board, control of the money supply designed first to reduce and then to prevent inflation.

During 1981, the Administration worked with the Congress to take major steps toward implementing this program:

- Congress passed the Economic Recovery Tax Act, the largest tax cut in history for businesses and individuals.
- In the Omnibus Budget Reconciliation Act, Congress reformed programs, so as to reduce otherwise anticipated outlays for them by $130 billion over the 1982-84 period.

The 1983 Budget will continue to diminish the rate of growth of Federal spending and to shrink the Government's share of the GNP.

The FY 1983 programs of the Forest Service, are proposed for $2,132 million, a 9 percent increase or $181 million above the level appropriated for FY 1982. About $1,494 million is being requested as annual appropriations. Another $638 million in proposed expenditures is being financed by permanent appropriations, trust funds and other sources. The funding of permanent appropriations and trust funds activities is derived generally by applying a portion of the revenues generated from the sale of forest products. Major examples are (1) Knutson-Vandenberg funds for reforestation, (2) brush disposal funds for disposal of excess logging debris, and (3) payments to States. Payments to States are estimated to be $342 million, which is an increase of about $100 million over FY 1982 due to a projected increase in receipts from sale of products and services generated through Forest Service programs.

The requested increase, plus some important shifts in funding among program areas, will significantly raise the level of benefits to the American people and will provide for sounder and more efficient management of our natural resources. These benefits range from economic goods like wood, oil, gas, and mineral products to such intangibles as the improvement of wildlife habitat. We are endeavoring to improve the return on the public investment represented by the National Forests. To do so requires expenditure of funds which will be returned at a substantial increase over several years following their expenditure.

I would like to outline some of this Administration's priorities which have shaped this budget.

We have emphasized programs which enhance the economic strength of the United States and which generate receipts to the Federal Government. The National Forest System is a tremendous asset which can contribute directly to economic well being. National Forests contain over 50 percent of the Nation's present standing softwood sawtimber supply and an estimated 25 percent of the potential domestic energy resources of oil, gas, coal, and geothermal steam. There are also important deposits of such strategic minerals as cobalt, tantalum, molybdenum, and the platinum group metals. In FY 1982, receipts to the U.S. Treasury generated by the Forest Service timber and minerals programs (which are the dominant elements of Forest Service receipts) are expected to be $1,248 million, growing to $1,893 million in FY 1983.

We have emphasized increasing user fees for activities that are now being provided free or below cost. Where possible, the cost of providing goods and services should be borne by the people who actually receive the benefits rather than the taxpayers as a whole. Examples are increased fees for recreational use and government publications. Increasing user fees also reduces the problem of the Government directly competing with the private sector.

We have emphasized increased efficiency. The Forest Service is strongly endeavoring to increase productivity. To do this, economic analysis is playing a greater role in the National Forests' planning process by carefully examining benefit/costs and tradeoffs among alternatives. In many program areas we are striving to maintain or increase resource outputs not by increased funding but by reducing the costs involved. We will accomplish this by emphasizing the compatibility among resource uses such as timber, recreation, wildlife, and range. We will also make some very specific management improvements such as holding road costs to the absolute mimimum necessary for the intended use. Deferment of work into the future and cost savings are estimated to be $50 to $60 million in FY 1982 with additional cost reductions in Forest Service programs expected in FY 1983. We have plans well underway to target our assessments of the effects of mineral and oil and gas leasing on the environment so that we do not carry out costly analyses evaluating hypothetical disturbances in areas where there are no specific proposals to explore or develop.

We have maintained a strong commitment to conservation principles. Resources on National Forest System lands will continue to be used wisely to meet public needs. It is a basic principle that the productivity of the land will be protected in all Forest Service programs. We are also placing greater emphasis on the compatibility among resource uses such as timber, recreation, fish, and wildlife. For example, land management activities will fully integrate fish and wildlife needs with other resources and provide for or mitigate effects on habitat requirements. We are also dedicated to the principle that there must be a careful consideration of the environmental, economic, and social impacts of Forest Service resource management activities, as part of the planning and decisionmaking process.

I would like to show how these priorities were applied to some selected Forest Service programs.

Timber

The FY 1983 budget request provides for timber offerings of 12.3 billion board feet (bbf). This represents a substantial increase over the 11.0 bbf we expect to accomplish with the funding available from the FY 1982 Appropriation Act, and it is comparable to the 12.2 bbf that was offered for sale in FY 1981.

Here are some of the reasons why we need to begin increasing timber sales:

° The housing industry has been depressed since 1978 due to high mortgage interest rates. During this same period, a large portion of the children born during the post war baby boom have reached the age when they would normally enter the housing market. This has created an enormous pent-up demand for housing, the largest market for timber products. National Forests contain about 50 percent of the Nation's inventory of softwood sawtimber. In past housing booms, rapidly increasing lumber prices have contributed to inflation and have hindered industry in its efforts to meet consumer demand for affordable housing. We are determined to improve the supply of raw materials and ameliorate such pressures in the future by allowing adequate lead time to prepare and offer volumes necessary to meet the anticipated demand. An instantaneous response is not possible. We also have proposed several changes to timber sales contract procedures and have directed the scheduling of more short-term sales to dampen bidding at levels that reduce the market responsiveness of National Forest timber.

° The timber industry, a major employer in several States and many communities, has been hard hit by the current slump in housing. For many firms it is critical to have at least a 3-year supply of timber under contract and the reasonable expectation of continued access to National Forest timber, both to assure protection of existing large investments in existing processing facilities and to encourage new investment in more efficient manufacturing technology. Much of the National Forest timber currently under contract to purchasers cannot be harvested and manufactured by them for a profit in today's market. For example, at today's lumber and plywood prices it appears that about 60 percent of the 16.5 billion board feet currently under contract to purchasers in the Pacific Northwest is not economically marketable. An extension of most existing timber sales contracts was announced in October. While this will help prevent economic disruption within the industry for the short term future, it is also necessary that substantial volumes be newly offered in order to provide the raw material inventories necessary to bring stability to the industry and to assure ample supplies of wood to users when the housing economy strengthens.

° It is important to increase the revenue produced by the National Forests both now and in the future. In FY 1982, timber receipts including trust funds are expected to be $1,063 million and will rise to $1,666 million in FY 1983 as the recovery continues. Significant additional harvests are not only possible, they are necessary for good management in those National Forests which have large inventories of old-growth softwood sawtimber. The amount of increase will be determined by the land management plans now being prepared. We are presently losing unacceptably large volumes to mortality and disease. After harvest of the old-growth, we can dramatically increase the net annual growth on those forests. The use of intensive management measures and genetically improved trees offers the prospect of continued high harvest levels for the indefinite future.

The budget proposes a total of $875 million for the timber sales program, reforestation and timber stand improvement--a 14 percent increase over FY 1982. About $298 million of these funds are for roads. In addition to preparing for increased future sales, the budget recognizes the immediate need to reforest areas where disasters have killed timber stands by emphasizing reforestation rather than timber stand improvement. We are continuing on the congressionally mandated track to eliminate the economically feasible portion of the reforestation backlog by 1985.

In addition to increasing the funding for timber-related programs, we are, as I have said, making a concerted effort to reduce costs. Road construction and reconstruction projects are being carefully reviewed to keep costs down to the minimum necessary for the anticipated use of the road. Careful and coordinated management of existing roads, in some cases, can maintain them in useable condition. In other cases we will, from considerations of cost, be closing roads during certain periods or restricting their use. In addition, we can, in some places, reduce road costs associated with timber sales by concentrating timber sales in already roaded areas.

Minerals

Although the Secretary of the Interior issues leases for oil, gas, and certain mineral exploration and development on those lands in the National Forest System which were originally set aside from the public domain as forest reserves, the Secretary traditionally acts only on recommendations made to him by the Forest Service. In response to the intensified interest in exploration and development on the National Forests for oil, gas and minerals resulting from the Nation's need for energy-related resources, the FY 1983 budget request for minerals of $25.0 million is a 35 percent increase above the amount appropriated for FY 1982. The FY 1982 appropriation was a 22 percent increase above the FY 1981 level. Special emphasis is being given to coal, petroleum, natural gas, geothermal energy, and to strategic minerals. The expanded program is necessary to keep up with the increase in the number and complexity of lease applications, operating plans and mineral claims. Receipts from oil and gas and mineral leases on the National Forest lands which were once public domain are collected by the Department of the Interior and so are not debited to the Forest Service, but in 1982, $185 million in receipts to the Federal Government are expected to be generated from oil and gas and mineral activity on the National Forests. In 1983, receipts are anticipated to be $227 million. Clearly the returns are high and extremely cost effective from the costs incurred by the Forest Service of the leasing activities which generate these receipts.

As with the timber program, we are proposing to increase outputs by cutting costs as well as by increasing funding. In the past, we have found that only a small portion--about 2 percent--of the oil and gas leases on the National Forests are ever drilled and fewer still are ever developed. However, we have conducted environmental assessments on all areas before recommending conditions to which leasing will be subject. In the near future, we and the Department of the Interior will begin incorporating on a pilot test basis "contingent right stipulations" into leases on the National Forest System other than wilderness areas. Under the contingent right stipulation concept, the lease would contain an added stipulation that the right to explore or develop is contingent on Forest Service approval of an acceptable operating plan. The concept will be tested in selected areas excluding designated wildernesses and criteria for using contingent right stipulations will be identified. Under this program, the bulk of the environmental analysis would be shifted to the operational stage. Broad land management concerns and well-defined critical issues would be identified and addressed in lease stipulations. Further detailed analyses would occur when and if the lease holder decides to operate the lease by drilling or digging. At that time, an environmental assessment will be conducted, and if necessary, an environmental impact statement prepared. A recommendation will then be made to the Department of the Interior that the mineral activities proceed with whatever safeguards are appropriate for the surface environment or, if appropriate, that no exploration or development be permitted. This should decrease the cost to the Forest Service of processing leases and also should expedite the service provided to the extraction industry without, in any way, jeopardizing environmental safeguards.

Recreation

The Administration's budget and legislative proposals for FY 1983 contain two initiatives dealing with the recreational use of the National Forests.

First, the $97.9 million requested represents an 11 percent increase in funding over the amount appropriated for FY 1982. This more than compensates for the effects of inflation. It will offset some of the services that were formerly provided by the Youth Conservation Corps and Young Adult Conservation Corps. This will help the Forest Service cope with the growing use of the National Forests for outdoor recreation.

Second, the Administration proposed legislation asking for additional authority to increase recreation fees charged by the Federal land agencies. Due to misinterpretation of one of the basic provisions, the legislation has been withdrawn and will be revised.

Reductions

In order to achieve the increased output goals we have established for some Forest Service programs, it has been necessary to reduce the resources allocated to other areas. I would like to explain what we plan to do in two of these areas, Research and State and Private Forestry.

Research

The FY 1983 budget for Forest Research of $98 million is 11 percent below the amount appropriated for FY 1982. We will still be funding the largest Forestry Research program in the world targeted to some serious problems. For example, our research on acid precipitation will double over the FY 1982 level. The Forest Service will give emphasis to maintaining ongoing research on timber management and genetics, forest products and engineering, forest economics and inventory, protection of forest and rangelands from serious insect and disease problems, and protection from fire. Lower priority research will be delayed or terminated. The Forest Service is also participating in a joint study with the Agriculture research agencies and OMB to determine if some types of research would be better left to private industry and to help identify priority areas for future work.

State and Private Forestry

The FY 1983 budget for State and Private Forestry of $47.5 million is 25 percent less than the amount appropriated for FY 1982. We are requesting this reduction because our overall budget constraints require that we give primary emphasis to those programs required to manage the National Forests and which can generate receipts to the Treasury. It is also important to note that, while not displayed in the Forest Service budget, private landowners have been given major economic incentives to engage in forest management by Public Law 96-451 which provides for tax credits and depreciation of reforestation costs. In addition, the Economic Recovery Tax Act of 1981 reduces income and inheritance taxes which would provide additional incentives for private forest landowners.

In Forest Pest Management, the Administration's policy is that priority would be given to protecting Federal lands from major outbreaks of pests that do serious economic damage. Our goal is to phase out funding contributions to continuing large scale cost-sharing suppression programs that are aimed at chronic pests and do not involve Federal land. In the case of State and private lands, there is less justification for a direct Federal financial role. Thus, cost-sharing for suppression must be focused primarily on outbreaks where Federal and other lands are intermingled or where Federal assistance is required to ensure that sound pest management approaches are utilized. The Administration's FY 1983 budget will continue this direction in sorting out State and Federal roles. The Department of Agriculture will continue its efforts in research, methods development, and technical assistance to help States deal with forest insect and disease pests.

Rural Fire Protection has actually been increased slightly above the FY 1982 appropriation level. This will permit small additional grants to States for performing analyses to determine the economic efficiency of fire protection programs.

The Forest Service will continue to provide a $3 million annual grant to the State of Minnesota for intensive timber management of State and private lands to help offset timber impacts associated with the enlargement of the Boundary Waters Canoe Area Wilderness in 1983. This promised assistance for fiscal years 1980 through 1990 was part of the Federal commitment involved in passage of that legislation.

Additional Changes Required

In order to carry out the programs which are included in this budget, it will be necessary for the Forest Service further to increase efficiency. This will involve the consolidating or phasing out of certain work units, particularly in the Research program. In addition, there may be a need to look at the combination of Region, Station, and Area offices. The Appropriation Committees in the past have included language in the administrative provisions of the Appropriations Act which precluded the expediture of funds to change the boundaries of any region, or to move or close any regional office for Research, State and Private Forestry, and the National Forest System without the consent of the concerned congressional committees. We are specifically requesting the Appropriation Committees to eliminate this language. We will then be able objectively to consider boundary changes and consolidation of units which could reduce cost and increase efficiency. We, of course, will advise the concerned committees before effecting any change.

I have touched on the programs where the Reagan Administration's new priorities are most evident. After Chief Peterson provides an overview of the budget, we would be happy to address any questions that the Committee may have.

BIOGRAPHY OF JOHN B. CROWELL, JR.

John B. Crowell, Jr., was sworn in as Assistant Secretary of Agriculture for Natural Resources and Environment on May 20, 1981, the day of his confirmation by the United States Senate. His responsibilities include general supervision of the Forest Service and the Soil Conservation Service. He advises Secretary of Agriculture John Block and the administration of President Ronald Reagan on policy matters concerning the program areas of these agencies.

Mr. Crowell came to the Department of Agriculture from a legal career in the natural resources field, serving since 1972 as General Counsel to the Louisiana-Pacific Corporation. From 1959 to 1972 he was an attorney with the Georgia-Pacific Corporation. In both positions he resided in Portland, Oregon.

From 1957 to 1959, Mr. Crowell was Law Clerk to a U.S. Court of Appeals Judge for the Third Circuit. He has an L.L.B. from Harvard Law School and an A.B. from Dartmouth College.

He served in the Navy from 1952 to 1954 as a Commissioned Officer on a Pacific fleet ammunition ship. His interests include fishing, gardening, and field birding. He served 12 years as a volunteer regional editor for American Birds. He is married and has two sons and a daughter.

JOHN B. CROWELL, JR.

Title:	General Counsel	1973-Pres.
Company	Louisiana-Pacific Corporation	
Career:	Law Clerk to Honorable Gerald McLaughlin, U.S. Court of Appeals, Third Circuit Newark, New Jersey	1957-1959
	Attorney Georgia-Pacific Corporation Portland, Oregon	1959-1972

Memberships:	American, Oregon & Multnomah County Bar Associations Director, National Forest Products Association, Washington, D. C. Secretary-Treasurer-Public Timber Purchasers Group, Portland, Oregon	
Military Duty:	United States Navy, Commissioned Officer, USS Mount Katmai (AE-16)	1952-1954
Education:	Thomas Jefferson High School Elizabeth, New Jersey	
	Dartmouth College Hanover, New Hampshire A.B. - History	1948-1952
	Harvard Law School Cambridge, Massachusetts L.L.B.	1954-1957
Birthplace:	Elizabeth, New Jersey	
Date of Birth:	March 18, 1930	
Parents:	Reverend and Mrs. John B. Crowell Elizabeth, New Jersey	
Wife:	Margaret "Peggy" McCue Crowell	
Children:	John Peter, Patrick Edlo, Ann Margaret Lake Oswego, Oregon	
Recreation:	Field birding, fishing, gardening	

FOREST SERVICE POLICY QUESTIONS

Senator McCLURE. Thank you, Mr. Secretary. Before proceeding to Chief Peterson, I think it might be helpful if we asked some policy questions. We will look at the detail of the application of that policy in the Chief's testimony and questions.

As you know, this committee and members of the committee are receiving some pretty pointed questions about the Forest Service policy, about the directions and about the budgetary application of those policy directions. I think it appropriate that some of those questions be asked here to give you the opportunity to comment on the record as to the reasons why those policy choices have been made.

Some organizations have already testified before this committee that the 1983 budget proposal for the Forest Service is unduly weighted to the minerals program and to road construction programs in order to support the proposed timber program. These persons further contend that the research and State and private forestry programs have been cut by a total of almost $30 million in order to help pay for these increased program outputs.

How would you respond to those comments?

Mr. CROWELL. Mr. Chairman, those comments do get to the very core of the policy decisions which we have made with respect to the fiscal year 1983 budget. One of the driving factors in determining the direction that we wanted to proceed with the 1983 budget has been the concern for increased receipts from the national forest system.

The national forest system represents a tremendous accumulation of wealth, from which we have not been receiving an adequate return for the taxpayers of this country. We have tremendous inventories of timber. We have tremendous potential energy development sources in the national forests, and we need to utilize those for generating returns to the Treasury.

We, therefore, have proposed what is really a very modest increase in the timber sale program for 1983. The program volumes of 12.3 billion board feet are up from the 12.2 billion which were offered 2 years ago and are up from 11 billion which is being offered in fiscal year 1982. We took a reduction in 1982 because of the expectations that we were going to be in a slump in the industry, which indeed has occurred.

Housing has been down. And so the immediate demand for wood in housing construction, which is the principal use of wood, was reduced. But we can anticipate that with an economic upturn, which we fully expect to see by 1983, there will be an upturn in housing construction. We wanted to be ready to supply the needed wood for that purpose.

Additionally, of course, we have a tremendous backlog of applications for mineral leases on the national forests. We are doing our best to encourage the Forest Service to process those leases in a timely fashion, so that the very high returns which are generated to the Treasury and to the economy from lease activity, and the development of those leases can continue to take place. It is the most cost-effective program that the Forest Service is presently engaged in.

REDUCTIONS IN RESEARCH PROGRAM

Now, the reduction in the State and private forestry programs and in research have not been motivated for the purpose of funding these other activities. They do stand separately. We have done an analysis of research with the idea in mind that we want to be as cost effective as possible with the research which is to be carried on, and we have identified priorities. We want research which can be applied and return benefits to the Nation commensurate with the expenditures.

Now, that is not always an easy thing to do, particularly when you are dealing with basic research. When you do basic research it is never predictable entirely just what the potential outcomes or benefits may be. In applied research it is a bit easier to predict the benefits and the potential applications. And in doing that, we feel that some of our research has been ahead of its time. In other words, we may get it accomplished, and then the applications of it may be years away, and we deem that not to be a cost effective use of research funds.

REDUCTIONS IN STATE AND PRIVATE FORESTRY PROGRAM

With respect to the State and private programs, as I indicated in my testimony, we feel that Congress has provided some additional incentives to private landowners which will, in part, take the place of the forestry incentives program which has been funded in the past. We also feel that those programs will, in part, take the place of some of the funding we had provided to State foresters to encourage reforestation on the small private ownerships in this country.

And I also indicated the other major area of reduction in State and private would be on the insect suppression contributions that we have made to States in the past for helping to deal with insect and pest outbreaks on private ownership.

Now these are the basic policy considerations that we had in mind in shaping the fiscal year 1983 budget, Mr. Chairman.

Senator McClure. Let me ask you two or three more questions. Then I'll share the time with my colleagues here this morning, but I want to review the record for just a moment.

FOREST SERVICE/DEPARTMENT REQUEST TO OMB

What was the Forest Service and the Department's request to OMB for funding for the research program and for the State and private forestry programs?

Mr. Crowell. I'll have to defer that question to one of the others here at the table with me, Mr. Chairman. I don't have that information at my fingertips.

[Pause.]

Mr. Crowell. The request for OMB for research was $126 million.

Senator McClure. That was both Forest Service and USDA requests.

Mr. Crowell. They were the same, yes.

Senator McClure. And the OMB allowance was $98 million?

Mr. Crowell. Yes.

Senator McClure. State and private forestry. What was the Forest Service request?

Mr. Crowell. The Forest Service request to the Department was $73.5 million. The request by the Department to OMB was $53 million, and the allowance from OMB was $47.5 million.

Senator McClure. Based on these numbers, Mr. Crowell, it appears to me that neither you nor Chief Peterson can fairly be accused of cutting these two programs in favor of increasing the national forest system program and the construction programs. The cuts came after the request. I think the record, in fairness, should at least reflect that much.

OTHER USDA RESEARCH PROGRAMS

Mr. Crowell, the criticism that has been leveled at the budget that reaches this committee is in these areas that I've been touching on primarily. Your statement states that acid rain research will double over 1982 levels. Will any other research initiatives have absolute increases proposed by 1983 and, if so, which ones?

Mr. Crowell. I'm not aware of any other research project with an increase of that magnitude.

Senator McClure. How have other USDA research programs fared in the 1983 budget battles? Have the Agricultural Research Service budgets taken similar cuts?

Mr. Crowell. To my knowledge, they have not.

Senator McClure. Is there a reason why the Forest Service got their research programs cut more than other USDA research programs?

Mr. Crowell. I think the reasons were the ones that I've already mentioned in responding to your first question. In analyzing the Forest Service research projects, we felt that they were somewhat less cost efficient than other programs in the Department might be. I was not involved in directing a similar kind of review with respect to other research programs of the Department of Agriculture, and so I really can't say whether or not they got the same rigorous treatment that the ones from the Forest Service did under my direction.

RESEARCH REDUCTION IN FTE'S

Senator McClure. According to the justification statement, there will be a 539-FTE reduction associated with the reduction in research. What are your plans to accommodate that reduction? As a matter of fact, that's about 25 percent of your work force in the research area. Won't that have a very serious future year implication, as well as an immediate impact?

Mr. Crowell. It would be about 20 percent, as I recall, of our work force, and of course, it will reduce the research capability of the Forest Service on forestry research. The program will still remain the largest forest research program in the world. The details of how we would expect to make the reduction in full-time equivalent employment, I think, will have to be responded to by the Chief.

Senator McClure. Well, let me defer that then. Maybe some of the other members of the committee will go into that as well, but I don't want to take too much of their time at this particular point.

COST-SHARING SUPPRESSION PROGRAMS

For State and private forestry, your proposed reductions strike us and others as being very sizable. For example, the National Association of State Foresters has testified in opposition to these reductions. Your statement says that it is your goal to phase out funding contributions to cost-sharing suppression programs that are aimed at chronic pests and do not involve Federal lands. How do you justify that position, when pest damage related to gypsy moths, mountain pine bark beetles, spruce budworms, southern pine beetles, and others continue to increase?

Mr. Crowell. The rationale for reduction in cooperative pest suppression payments is that we believe it's not an appropriate role for the Federal Government to contribute to the cost of such suppression on private lands. The national forests have a considerable problem in dealing with insect and pest suppression on national forest lands, particularly where they're intermingled with other private lands. We believe it is our first priority to budget available funds for suppression, to the national forest lands that are intermingled with private lands, so that we can prevent the spread of insects and pests from national forest lands to private lands.

Second, our priority ought to be with pests that cause economic damage to the national forest lands. Some of the pests that have occurred on private lands, the gypsy moth being a good example, are not causing heavy economic damage to people or to the industry. They cause severe annoyance to people. The silk threads that they spin get on people's skin and causes a rash. It can be very annoying to people, but it does not create an actual health hazard.

Senator McClure. The statement that you have just made, and the prepared statement, reflect a common policy objective, but that's somewhat different than the policy stated in your justification on pages 71 and 72. I'll refer to page 72 of your justification, and I quote.

"A Federal role is satisfied for cooperative State-Federal suppression projects when they relate to one or more of the following criteria:" There are seven criteria given there, it says one or more of those criteria.

And again I quote, No. 1, "international consequences." No. 2, "national and regional economic impacts." No. 3, "need for Federal coordination." No. 4, "threats to Federal land." No. 5, "threats to unique resources." No. 6, "distribution of benefits." No. 7, "other Federal role indicators, such as infestation magnitude, special expertise needed or other circumstances."

Mr. Crowell, your prepared statement and your remarks in response to my question would indicate that you picked one of those seven and pegged the program on one of those seven criteria and left the other six out. Is that a discrete reason, an intended policy change?

Mr. Crowell. Mr. Chairman, I don't think that's quite a fair characterization of our policy decision with respect to pest control.

Senator McClure. Well, you didn't mention international consequences.

Mr. Crowell. No.

Senator McClure. And you didn't mention national and regional economic impacts.

Mr. Crowell. I did refer to economic impacts.

Senator McClure. You said economic impacts for Federal lands, for Federal timber, were involved.

Mr. Crowell. Yes; and I indicated that in respect to the gypsy moth in particular, we did not have economic impacts occurring from the gypsy moth.

Senator McClure. I'm sure you'll hear a different view before we're through with this this morning.

Mr. Crowell. I suspect that's possible. [Laughter.]

Senator McClure. I noted that Senator Rudman had arrived early and awaits eagerly.

Mr. Crowell. I might also add, Mr. Chairman, although I failed to mention it, that we have not proposed to reduce our capability for continuing to provide technical assistance to States in the evaluation of insect outbreaks. We do see that as an appropriate Federal role. What I was addressing was the contribution to suppression costs.

Senator McClure. I didn't think it was a lack of knowledge of what to do, I thought it was a lack of money to do it, because of the problem of State and private lands.

Mr. Crowell. That's true. It's lack of money for suppression purposes.

Senator McClure. You're suggesting that you're going to provide more of what they already have and none of what they don't have.

Mr. CROWELL. No; I think they would be most unhappy if we were to give them less of the technical assistance that we're making available.

Senator McCLURE. I wonder if they would rather have the money or your thoughts?

Mr. CROWELL. Well, the thoughts are money.

Senator McCLURE. I understand. I don't mean to overburden that. You have in your statement narrowed the scope of the Federal presence and involvement very dramatically over that which is stated in the justification, in my view.

Mr. CROWELL. Yes; I wouldn't deny that, Mr. Chairman.

RURAL FIRE PROGRAM

Senator McCLURE. Wouldn't a similar logic applied to the rural fire protection program lead to a reduction in that program.

Mr. CROWELL. We've actually increased the rural fire protection program a little bit.

Senator McCLURE. I know, that's why I contrast the two. If it's a threat to forest land, why then would the rural fire protection program be increased.

Mr. CROWELL. Well, because without the rural fire protection program there could be some serious economic impacts. It would also threaten lives in some places, if the rural fire protection program was not continued.

Senator McCLURE. Let me yield now to Senator Rudman. I'll return to some other questions later.

Senator RUDMAN. Thank you very much, Mr. Chairman. You have, in fact, covered generally the topic that I want to discuss with Mr. Crowell this morning.

FEDERAL PARTICIPATION IN THE GYPSY MOTH PROGRAM

Mr. Crowell, I don't understand your policy at all. It frankly doesn't make much sense to people in my State. How can you possibly talk about suppression on Federal lands and essentially change it, so this year for gypsy moth protection in New Hampshire you're talking a total of about $17,000, Federal share. Unless you can find some way that I don't know about with your research to keep the gypsy moths in the Federal lands, maybe post signs so they won't cross over private lands, I just don't have any idea what your policy is.

As a matter of fact, what I would like to take a step further with you is, that we got into this a year ago, and I had assumed that conversations that we had on the floor of the Senate with regard to this appropriation bill were being done for a purpose. If you're going to tell me now that they're not being done with a purpose, then I think we can save an awful lot of time.

On the 23d of October, page S. 12063, from the Congressional Record, we had a fairly extensive colloquy between the chairman of this subcommittee and myself to discuss this very problem, and we did it with you in mind. We sent this along with language from the bill, and now we find that you have essentially, as far as I'm concerned, eliminated any significant program for the suppression of saddled prominent and gypsy moth on private lands. In addition, my question is this. It's my understanding that you have now changed the match to 12½ from 43 percent, and you've done it administratively. Now my question is this, did you have any extensive discussions either with the chairman of this committee or with the House committee? Did you talk to any State forestry officials before you adopted this rather extraordinary change in Federal participation?

Mr. CROWELL. We made the change in the percentage share of funds to the States based on the anticipation of available funds for insect suppression. We did, in February, write to the chairman of the Committee on Appropriations, both here in the Senate and in the House, to advise what the change was going to be. We had to make these reductions because of the necessity for assigning priorities to various budget needs in the Forest Service. And we concluded, as I've tried to explain already in response to the chairman's questions, that the basis for insect suppression funds was going to be largely, as much as we could make it, on an economic determination and on determination of protecting the Federal resource, which is what we're primarily charged with administering and managing.

Senator RUDMAN. I don't see how you can protect that resource in any sort of a specific way, when you have defoliation in the State of New Hampshire, the State of Vermont, the State of Maine, and many other States. There's a health hazard that, incidentally, meets four of your seven criteria, and yet you take a policy here that essentially says you're on your own, even though we own a great deal of land in this area.

Mr. CROWELL. Well, much of the land in the New England States which is subject to gypsy moth defoliation, of course, is privately owned land. We're also saying that on Federal land in those States, the emphasis will not be on control of the gypsy moth, because it is not as much of an economic threat to the destruction of forests as are other pests elsewhere in the country. We don't have enough money to apply to suppressing those pests, and so we're doing our best, with the limited resources we have, to achieve protection of the resource.

Senator RUDMAN. Well, Mr. Chairman, I just want to inform Mr. Crowell this morning that—I disagree with the policy completely. I guess the people of New Hampshire ought to know that it's the policy of this administration not to continue the policies of the past to help with this kind of difficulty that we're having with our State. And I would suggest that someone from the Forest Service or from OMB ought to take a ride up to northern Massachusetts and up to northern New Hampshire. If we could defoliate in Vietnam the way we can in New Hampshire with gypsy moths, the war would have been over in 6 months.

I'll tell you, I'm not accepting that policy, and I'm going to fight to put some of that money back in, because we are doing terrific economic damage and creating a health hazard in the State of New Hampshire and the State of Vermont. That is a very serious problem to our evergreen trees, to many of our other trees in that area. The sugar maples are getting destroyed by the saddled prominent caterpillar. And the Forest Service has always had a significant role in this area, and this seems like a poor time to change it now. And I'm going to try to change it.

Mr. CROWELL. We are, of course, still involved in evaluating the extent of gypsy moth outbreak. We still are carrying on research which could lead to control of the gypsy moth. But the area that we are making a change in is, as you know, making suppression cost funds available to the States and to other jurisdictions within the States.

Senator RUDMAN. Well, I respectfully disagree, Mr. Crowell. Let's see if we can have it out. Thank you. Thank you, Mr. Chairman.

Senator MCCLURE. Senator Cochran?

TIMBER SALE PROGRAM

Senator COCHRAN. Thank you, Mr. Chairman. I am curious about why it seems necessary to embark upon a major marketing effort of western timber in the national forests at a time when there is, as I understand it, a 3-year supply, about 33 billion board feet, of national forest timber sold and uncut, due to economic conditions, depressed housing market, and high prices bid in the west. What is the basis for embarking upon that program which will require an increase of over $181 million above the 1982 budget level for timber sale programs?

Mr. CROWELL. Senator Cochran, there are quite a number of reasons why we are advocating the fairly modest increase in the timber sales program, up to 12.3 billion board feet in fiscal year 1983. That compares with 12.2 that was offered for sale in 1981 and 11 billion that was offered in 1982.

One reason, of course, is that we have a lot of old timber on the western national forests which we need to get under management. And part of the management process, of course, is harvesting some of that timber before we lose it to old age and decay. We need to capture it, in other words, before it's lost.

We can do that by gradually increasing the timber sale program over the next decade or so. The anticipation is that we're going to have an upturn in demand for housing and thus for wood.

In order to do that, we have to anticipate the demand for more wood from the national forests. The country is increasingly dependent on the national forests for its wood supply. We have one-half of the standing softwood inventory in the United States today on the national forests. In short, we have been underutilizing national forests in the past, and we are going to have to make more use of them in the future, to meet the demands for wood in this country, particularly if we are going to avoid substantial increases in price for wood and wood products.

Now, the leadtime which is required for getting wood to market is significant. The wood that will be sold under the 1983 program will not be coming to market until 1984, 1985, 1986. There's a necessity to built roads for access to it, to fit it into the purchasing mills' operating schedules, to actually bring it to the mills, to process it, to dry it—sometimes air-drying is required, and that involves some months—and then to get it to market, into the distribution chain and eventually to the consumer.

The amount of inventory that is currently under contract, the 33 billion board foot figure you referred to, as of the end of fiscal year 1981, is up from what has been normal in the past. It's been around 25 billion. But the industry has always complained that a less than 2-year supply, or approximately 2-year supply, is inadequate to give it the kind of leadtime required for planning and investments. Investments in not only actually harvesting the timber, but in building mills to process the wood. They need an assurance of wood supply.

So a little longer leadtime and a little bit more inventory under contract is desirable. For these reasons, we feel that it was sound foresight to project a rather modest increase in the timber sale program for fiscal year 1983.

Senator COCHRAN. Well, while it's understandable that a 2-year or less supply might be troublesome to the industry, is it not true that there is currently a 3-year supply, or approximately 33 billion board feet, of national forest timber sold, currently uncut?

Mr. CROWELL. That's correct, as of the end of fiscal year 1981. That figure is right. In fact, it's a little higher than that now.

Senator COCHRAN. Well, it's going to get higher, too, with the economic conditions as they are. Yet we're embarking upon a major increase in the timber sale program.

Mr. CROWELL. I am not sure that it's going to get very much higher, Senator, because it may get as high as 40 billion board feet, which is possible, but that's not inordinate.

We have another problem we haven't touched upon yet, and that is that about 10 billion board feet of the timber under contract is currently at prices which cannot be economically operated by the purchasers. That's another problem that the Forest Service has to deal with. It does mean that you ought to subtract that 10 billion board feet from the timber currently under contract if you are going to look at what is economically operable today.

Senator COCHRAN. Are those representing potential defaults in contracts?

Mr. CROWELL. I am afraid they are, Senator, unless we see a substantial turnaround in the economy. Reduction of interest rates would be the single largest factor which could boost housing. We don't want to see defaults, because that would cause some very serious problems with future production capabilities for meeting wood demands which we know will occur sooner or later.

We want to have the manufacturing capability in place to deal with the demand. We won't have it if people are in default and we have to collect damages which forces people into bankruptcy. So, we have undertaken to grant some extensions for contracts which are expiring or would expire, and which have not been operated because of these high prices. We continue to monitor that situation, and are continuing to find, or look for, ways in which we can grant relief which would be fair both to the purchasers and also to the Federal Government as a seller of timber.

Senator COCHRAN. I understand that almost 85 percent of the sales under this new timber sales program will be in the Western regions, with only 13 percent of the total coming from the Southern region.

Are these large sales of timber out West going to undermine the market and destroy the market price for southern pines and lumber which is primarily held by nonindustrial, private landowners.

Mr. CROWELL. I doubt very much it would have that effect, because one of the principal factors that determines the ultimate use and market for wood is transportation cost. Transportation costs have gone up significantly in the last decade, and it has tended to contract the traditional market area for the sale of Western timber. Fortunately for that industry, however, the demand for wood in the West has gone up as the result of population shifts and growth West of the 100th Meridian.

Now, it would be true that any substantial reduction in stumpage as a result of a substantial increase in sales of Western Forest Service timber would give those producers additional advantage and would enable them, again, to expand the market areas in which they sell their products. But I doubt that that expansion would reach much beyond the Midwest at the most. The Midwest markets tend to be shared by Western and Southern producers alike, along with Canadian producers, I might add.

FOREST ROADS

Senator COCHRAN. I would question the addition of funds for construction of roads that might go along with the increase in funding for the timber sale program, considering the complaints I get from people who are involved in forestry in the southern region that many of these roads are unnecessary, overdesigned, and end up costing more money than ought to be allocated for that purpose.

What's your reaction to that complaint?

Mr. CROWELL. The Forest Service has long been criticized for spending too much on road construction, and I can't deny that some of that criticism may have been fair. On the other hand, people who make the criticism are looking at it very narrowly, from the standpoint of the uses to which they think the roads need to be put, and usually it's the timber industry who is complaining that the roads are overbuilt for purposes of timber removal.

But the national forests are multiple-use forests, and have other uses, and the Forest Service has built roads to accommodate these other uses—recreation being the principal one. For instance, in 1982 the national forests will furnish over 130 million person-at-one-time days of recreation use to the people of the United States. In doing so, many of those people are utilizing forest roads, thus in designing our roads, we have to anticipate that kind of additional use.

That doesn't mean that your constituents and mine couldn't find examples of roads which have been overbuilt, but we have tried very hard to emphasize in the last year that overdesign and overbuilding of roads has got to stop, because it will result in significant savings to the taxpayer.

Senator, let me add one other thing, if I might. You had referred to the $181 million increase in the budget as going to timber. Don't lose sight of the fact that 25 percent of the funds which are generated from the timber sale program go to the States. And that share shows up in our budget, so part of the $181 million is accounted for by an increase in the anticipated payments we will have to make to the States.

Senator COCHRAN. Well, none of those sales are going to occur in the Southern region, or Eastern region, it doesn't appear, at least not much, and you're cutting out assistance of almost any kind to privately owned timberlands. Your pest control program has already touched on it. I won't go back over that.

But cooperative research programs for helping improve management of timberlands are being cut in this budget. There just seems to be a built-in bias against a region of the country which has already been identified as playing a major role in meeting the Nation's timber demands during the next century. Seventy-five percent of the forest lands in that region are privately owned. So I find myself in sharp disagreement with the bias that I perceive to be written into this budget.

Mr. CROWELL. The bias isn't intentional, Senator. I can assure you that such bias as is there arises from the fact that the great bulk of national forests are in the west rather than in other regions of the country. It's because of our emphasis on managing that resource for all of the people of the country that we may introduce what you could characterize as a bias. I might point out that the timber sale program in the southern region of the Forest Service has been running about 1.2 billion board feet in the years 1979 through 1981. It drops to about 1.1 billion in 1982, which was not a typical year, and we intend to have it come back to almost 1.3 billion in 1983.

PRIVATELY OWNED LANDS AS NATIONAL ASSETS

Senator COCHRAN. Well, I think the Service is wrong if it agrees with this budget in terms of the assumption that privately owned lands are not national assets. I think that's the assumption that's being made. You're not prepared to provide program assistance, technical assistance, research assistance, and other forms of traditional support for our forestry activities in the South just because they are not nationally owned or owned by the Federal Government. I think that's wrong. We have instances in the budget where pest control—that is a major problem to agriculture—diseases are considered national problems. In our research efforts, many programs exist to help the private citizens and private industry meet these problems, because they pose a threat to our national economic interests.

Mr. CROWELL. Well, there can be, of course some philosophical debate about the extent to which responsibility should be divided between the States, the Federal Government, and the private sector. This administration believes that we have tended to go overboard in the past in accepting responsibilities for the Federal Government. We are trying to redraw some lines, or suggest that they ought to be redrawn, in ways which assign larger responsibilities to the States and to the private sector. This is particularly true in situations where the private sector receives the benefits and can bear the costs of accomplishing certain improvements and activities. We still, of course, are retaining a very substantial capability for research that will benefit all forest owners and users. We are still retaining a very extensive State and private forestry program. Forty-seven million dollars goes a long way toward cooperative assistance in the programs that we are continuing. It isn't as though we were advocating withdrawing the Federal presence entirely from these areas. What we are advocating is some change of direction.

Senator COCHRAN. Well, I notice that State and private forestry program funds allocated to my State, for instance, have been cut by more than half from fiscal 1981 to proposed allocations in 1983, from $1.417 million to $631,000.

Can you take a look at that, and then the withdrawal of support to do something about the southern pine beetle, and the gypsy moth, as was mentioned. Also the forestry incentives program—that's not in this budget, but it's in the agricultural appropriations budget should be considered. It's being folded in if we approve the administration's requests for the ACP program, and may very well disappear because of that reorganization. It causes a great deal of concern to me.

I think some adjustments have to be made in order to recognize the great national asset that we have in the privately owned timber area, particularly those small landowners who can't really afford to do the things that have to be done in connection with reforestation and all the other management practices that we know are so important to the future economic well-being of the Nation.

Mr. Chairman, I have taken too much time. I appreciate your providing me this opportunity to ask some questions.

Senator MCCLURE. Senator, you're very welcome.

I appreciate the questions. I would want the Secretary to know, I didn't ask my intended question on road-building. [Laughter.]

Mr. PETERSON. Mr. Chairman, if I may comment on that one, we followed up on the complaint the Senator had. The last letter from the individual said he didn't care what standard of road we had; he just didn't want us to build a road into that area. He wanted to determine how the area should be managed.

Senator COCHRAN. He wants your job.

Mr. PETERSON. So we were very concerned about that particular complaint. We did look into it in some detail. The last letter from the individual says he doesn't care what the road is——

Senator MCCLURE. As the Chief knows, and as the Secretary knows, overbuilding roads has been a concern of mine for a good many years. And it is less of a concern today than it was, but it is still a concern.

I would state to my friend from Mississippi that there are two kinds of roads. One that I would agree with the Secretary on, that is, the primary access roads to an area that do carry multiple-use traffic—recreational use, major access, major thoroughfares, those roads need to be built to a different standard, but the ones that just service the timber sale but are still somewhat overbuilt— and I say "somewhat" because it's less marked than it was before—but it's still at a standard that is higher than is done on private lands by people harvesting their own timber.

Mr. CROWELL. The chairman, I know, is aware of the fact that in my earlier incarnation I was very much concerned about this problem as well.

Senator MCCLURE. I assume you are not less concerned, now.

Mr. CROWELL. No; I am not. I am really not. And what I mean to say when I refer to that is that it's a high level priority for me, as I am sure the Forest Service would tell you. One of the first things I got on them about was to do something about reducing the costs of road construction or at least continue efforts to get more for the dollar in road construction.

RESEARCH AND A CHANGE IN POLICY

Senator MCCLURE. Thank you again, Senator Cochran. I appreciate the contribution you've made and continue to make in respect to these matters.

I know of your great interest and concern in them, and we're going to be struggling with some of the priorities in the budget. We have certainly looked at this question of research because it is a change of policy, and it's a change of policy from a policy insisted upon by this committee in 1976.

It is a reversal of a policy that was established in the Forest Service because of action in the subcommittee 6 years ago. We will be looking at that very carefully to see whether it should be adjusted or whether it can be justified, and how we will deal with the question.

I want to go back to a question I asked earlier because of some small disparity. It's not significant, but at least I want to expose what my understanding of the figures is in regard to the Forest Service and USDA requests for research.

The figures that I have that come from a Forest Service document indicate that the Agency request for research was $137,655,000 and that that identical figures were used by the Department in a request to OMB. And OMB cut that to $97,990,000.

In State and private forestry the Agency request was $75,989,000. The Department request was $55,600,000 and OMB cut that to $47,520,000.

Mr. PETERSON. Mr. Chairman, those discrepancies result from general administration being converted to a separate appropriation. At the time they went to OMB, the general administration funds were included within each of those other items.

We will provide for the record a copy of a table showing the fiscal year 1983 budget request history which has general administration broken out.

[The information follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE

1983 Budget Request History
(Dollars in thousands)

Appropriation	Unit of Measure	Request to Department		Request to OMB		Request to Congress	
		Dollars	Output	Dollars	Output	Dollars	Output
FOREST RESEARCH:							
Land and Resource Protection Research:							
Fire and atmospheric sciences research		9,949		9,949		7,217	
Forest insects and disease research ...		25,104		25,104		19,897	
Renewable resources evaluation		15,369		15,369		11,160	
Renewable resources economics		5,926		5,926		4,345	
Surface environment and mining		2,028		2,028		1,331	
Total, Land and Resource Protection		58,376		58,376		43,950	
Renewable Resource Management and Utilization Research:							
Trees and timber management research ..		24,067		24,067		18,520	
Forest watershed management research ..		10,063		10,063		8,178	
Wildlife, range, and fish habitat research		9,672		9,672		7,957	
Forest recreation research		2,447		2,447		1,920	
Forest products utilization research ..		18,122		18,122		14,813	
Forest engineering research		3,219		3,219		2,652	
Total, Renewable Resource Management and Utilization Research		67,590		67,590		54,040	
	Scientist person-years		957		957		927
TOTAL, FOREST RESEARCH		125,966		125,966		97,990	
STATE AND PRIVATE FORESTRY:							
Forest pest management:		23,449		16,825		16,790	
Insect and disease survey technical assistance	MM acres		459		411		411
Insect and disease suppression	MM acres		3		1.9		1.9
Rural fire protection and control	M acres burned	15,632	2,500	14,390	2,535	14,380	2,535
	MM acres protected		783		783		783
	Person-caused fires		175,600		181,700		184,666

Appropriation	Unit of Measure	Request to Department		Request to OMB		Request to Congress	
		Dollars	Output	Dollars	Output	Dollars	Output
STATE AND PRIVATE FORESTRY - continued							
Rural forestry assistance:		24,663		15,285		12,375	
Forest management	Thousand acres		3,000		2,850		2,709
Seedling production and nursery improvement	MM seedlings		941		635		482
Improved utilization of wood	MM cubic feet		145		109		85
Urban forestry assistance		--		--		--	
Assistance in management, planning and technology implementation		6,824		3,679		975	
General Forestry Assistance:							
Special projects		3,000		3,000		3,000	
TOTAL, STATE AND PRIVATE FORESTRY		73,568		53,179		47,520	
NATIONAL FOREST SYSTEM:							
Minerals area management	Operating plans	26,745	30,000	26,745	30,000	24,998	27,770
Land management:		28,652		28,652		17,903	
Land exchange and adjustment	Thousand acres	(12,458)	120	(12,458)	120	(5,410)	69
Land classification status and planning		(818)		(818)		(700)	
Special uses		(8,555)		(8,555)		(6,415)	
Geometronics		(6,821)		(6,821)		(5,378)	
Land line location	Miles	27,308	5,700	27,308	5,700	26,080	6,007 2/
Maintenance of facilities		13,663		13,663		13,663	
Payments to Employees' Compensation Fund		--		--		--	
Forest fire protection	M acres fuel treatment 1/	165,907	124.6	165,907	124.6	150,283	111.5
Fighting forest fires		1,000		1,000		1,000	
Cooperative law enforcement		5,150		5,150		5,150	
Forest road maintenance	M miles 1/	74,765	260	74,765	260	61,640	281 2/
Forest trail maintenance	M miles 1/	11,494	101	11,494	101	7,785	51.8
Sales administration and management:		188,420		188,420		188,330	
Timber resource inventory and planning		(11,134)		(11,134)		(10,489)	
Silvicultural examination	Thousand acres	(23,190)	6,902	(23,190)	6,902	(24,095)	6,838 2/
Sales preparation and harvest administration	BBF, sales prep. & sales offer. BBF, harvested	(154,096)	12.3 10.6	(154,096)	12.3 10.6	(153,746)	12.3 10.6

Appropriation	Unit of Measure	Request to Department		Request to OMB		Request to Congress	
		Dollars	Output	Dollars	Output	Dollars	Output
NATIONAL FOREST SYSTEM - continued							
Reforestation and stand improvement:		110,170		110,170		100,125	
Reforestation--NFS	M acres 1/	(68,858)	201	(68,858)	201	(61,894)	190
Stand improvement--NFS	M acres 1/	(24,381)	168	(24,381)	168	(23,075)	160
Nurseries		(16,931)		(16,931)		(15,156)	
Recreation use:		107,700		107,700		97,935	
Recreation management	MM RVD developed rec. site use	(89,407)	88	(89,407)	88	(84,468)	88
	MM RVD dispersed recreation use		145.2		145.2		145.2
	MM PAOT days		103.9		103.9		130
Wilderness management	Million acres	(8,282)	28.6	(8,282)	28.6	(6,509)	25.1 2/
Cultural resource management	Million acres	(10,011)	2.6	(10,011)	2.6	(6,958)	2.6 3/
Wildlife and fish habitat management:		8,183		38,183		32,520	
Wildlife and fisheries management administration		(26,027)		(26,027)		(18,027)	
Habitat improvement:		(12,156)		(12,156)		(14,493)	
Wildlife habitat improvement	Thousand acres		216.5		216.5		200
Fish habitat improvement	M acre equiv.		12.3		12.3		8.8
Threatened and endangered species habitat improvement	M acre		16.4		16.4		20
Range management:		31,967		26,508		24,613	
Range management	MM AUM's	(27,320)	9.8	(23,447)	9.8	(23,191)	9.8
Range forage and structural improvements	Thousand acres	(3,351)	3,150	(2,367)	2,230	(700)	1,357
Wild horse and burro use	Thousand AUM's	(383)	26	(294)	26	(322)	35
Noxious farm weed control	Thousand acres	(913)	8	(400)	5	(400)	5
Soil and water management:		37,889		23,691		23,866	
Soil and water support		(23,932)		(18,192)		(18,333)	
Soil and water resource improvements ..	M acres 1/	(506)	8.3	(301)	0.4	(305)	0.4
Soil and water inventories	Million acres	(13,451)	15.8	(5,198)	10.1	(5,228)	10.1
General Administration		260,678		260,678		260,678	
TOTAL, NATIONAL FOREST SYSTEM		1,129,691		1,110,034		1,036,569	
SUBTOTAL		1,329,225		1,289,179		1,182,079	

Appropriation	Unit of Measure	Request to Department		Request to OMB		Request to Congress	
		Dollars	Output	Dollars	Output	Dollars	Output
CONSTRUCTION:							
Construction of facilities		36,066		36,066		21,066	
Road construction	Miles	266,375	850	266,375	850	271,575	1,293 2/
Timber purchaser construction	Miles road const./recon.	268,853	10,800	(291,735)	11,122	(268,834)	11,122 2/
Trail construction	Miles	4,864	216	4,864	216	4,864	241
TOTAL, CONSTRUCTION		576,158		307,305		297,505	
LAND ACQUISITION		36,063		36,063		7,563	
LAKE TAHOE ACQUISITION		8,400		8,400		--	
ACQUISITION OF LANDS FOR NATIONAL FORESTS, SPECIAL ACTS		753		753		753	
ACQUISITION OF LANDS TO COMPLETE LAND EXCHANGE		147		147		147	
RANGE BETTERMENT FUND		6,900		6,900		5,800	
PERMANENT APPROPRIATIONS:							
Permanent Appropriations, Working Funds		176,734		153,853		149,760	
Permanent Appropriations, Payments to States		373,800		275,400		342,000	
TOTAL, PERMANANET APPROPRIATIONS		550,534		429,253		491,760	
TRUST FUNDS		146,600		146,600		146,600	
TOTAL, FOREST SERVICE		2,654,780		2,224,600		2,132,207	

1/ Excludes anticipated outputs from Human Resource Programs.

2/ Outputs updated in the "Request to Congress" to reflect latest unit cost and accomplishment data.

3/ Although funding was reduced, outputs in the "Request to Congress" remain the same as the "Request to OMB" due to timber support activities that must be maintained.

VOLUME OF TIMBER UNDER CONTRACT

Senator McClure. Thank you for the explanation. I just wanted to get on the record what my understanding was, and if there's a discrepancy, what the answer is.

Mr. Secretary, I'm concerned about some of the specific proposals you've advanced here today. Some seem very optimistic, and I think some of your friends ought to understand with respect to volumes of timber under contract, how much will remain under contract.

There are two considerations that are variables, that may or may not come to pass. It's no secret to you that there are a great many people in the west, particularly in western Oregon, who are very much concerned about the economic impact of high volumes of the timber under contract that simply cannot be economically harvested.

It's going to drive some into bankruptcy if something isn't done, and because of that negotiations are under way throughout the west, particularly in Oregon and Idaho and eastern Washington, that might yield some kind of a solution, which we might attempt to capture in legislation, if there is such a solution, that would lead to a reduction of volume under contract.

At the same time I would understand that there might be offset with new offerings of short-term contracts, so that we might get a different mix of timber sales under contract, in terms of the length of the contracts.

Could you comment on that, Mr. Secretary?

Mr. Crowell. Mr. Chairman, as a result of the crunch on the forest products industry, the Forest Service, coincident with the granting or the offering of extensions last October 15, also undertook to sell as much volume as possible in small volume, short-term sales. The idea was that those sales would thereby attract bidders at prices which could be operated profitably during their relatively short life.

We have sold approximately half a billion board feet in the last 6 months under a program of that sort, primarily in the most distressed area of western Oregon and northwestern California.

BLM has tried to do something on a smaller scale, and the program has worked quite well. We have been getting out those volumes at much lower prices and at levels that can be operated this season.

So we are hopeful that we will be able to see some more activity in the west this summer than we might otherwise have seen.

However, ultimately it depends on the market for the end product and that in turn is basically going to be determined by interest rate levels.

Senator McClure. I appreciate that last statement, because interest is the other of the variables—and perhaps the major variable—that has much more impact upon volumes under contract than changes in the contracts themselves.

Mr. Crowell. I might add, Mr. Chairman, that we are continuing to try to emphasize the short-term, small-volume sales. We can't possibly put up the whole sale program that way, because it would be too expensive, but we are doing it where we can, and we hope that we'll continue to see good results from that.

TIMBER RECEIPTS

Senator McCLURE. Let me indicate the magnitude of change which your budget proposal suggests. On page 4 of your statement you mentioned that timber receipts are expected to be $1,666,000,000 in 1983. I think the actual timber receipts in 1981 were $553,849,000 based on a harvest level of 8 billion board feet.

That would mean that you're expecting a tripling of receipts in 1983 over 1982. Is that correct?

Mr. CROWELL. That would be correct. It would be partly attributable to anticipated larger volumes being harvested in 1983 than was the case in 1981.

Senator McCLURE. But I'm a little puzzled why I see a tripling of receipts. The harvest estimates changed from 8½ billion board feet in 1982 to 10.6 billion board feet in 1983—a 25-percent increase in volume, but a tripling of receipts.

Mr. CROWELL. I started to explain that. Part of it's attributable to the increase in anticipated volume to be harvested. The rest of it would be attributable to a higher-average price for the timber being harvested.

Senator McCLURE. But if you're looking at the short-term, lower-cost contracts, that seems to be a refutation of the idea that the average price will be higher.

Mr. CROWELL. The average that we've used for calculating the anticipated 1983 receipt level is only $158 a thousand board feet, which is well within the range which would be an economically operable level during 1983.

You see, the reason that the average price tends to move up from year to year is that timber under contract reflects the rather drastic increases in prices for stumpage that have occurred steadily over the last 15 years.

Senator McCLURE. I understand that. But the short-term effects seem to me to be contrary to what you've expected. I wonder if you could provide for the record your assumptions and also a statement of what you expect the receipt per thousand board feet would be.

Mr. CROWELL. Yes, we could do that.

[The information follows:]

DETERMINATION OF HARVEST VALUE PER THOUSAND IN FISCAL YEAR 1983

A procedure has been developed to utilize a 4-year lag model to estitmate timber receipts. The following table with explanatory footnotes was the data used for the 1983 budget:

TIMBER
SELL AND HARVEST COMPARISON
(4-year lag model)

Year	Sold		Harvest		
	Volume	Value[1]	Volume	Value[1]	Receipts[1]
	(BBF)[4]	(Dollar/MBF)[4]	(BBF)[4]	(Dollar/MBF)[4]	
1978	11.0	$120.81	10.1	$84.79	[2]$764,952
1979	11.3	173.22	10.4	93.29	[2]907,736
1980	11.3	172.60	9.2	79.52	[2]730,545
1981	11.5	181.23	8.0	83.80	[2]690,816
1982	11.0	198.13	8.5	125.29	1,064,980
1983	12.3	206.66	10.6	157.86	[3]1,673,318

[1] Includes value of K-V and salvage sales.

[2] Receipt value will not tie to harvest value times volume since receipts cover incomparable time periods. Receipts deposited often covers August through July and harvest volume and value cover October through September.

[3] Since the selling values have risen dramatically since 1977, the harvest values have shown a similar rise in the last 3 years. In reflecting this increase, the average harvest value of $157.86 times an estimated harvest level of 10.6 billion board feet provides for a total receipt of $1,673,318,000. The harvest value for 1983 was discounted from the fourth year, 1979, to reflect the recent 2-year extension of timber sale contracts and to account for the removal of lower value stumpage because of lower selling values for lumber in the early part of the market recovery process.

[4] BBF = billion board feet. MBF = thousand board feet.

Projections of anticipated timber receipts have been made based upon the average selling values of timber brought under contract 4 years ago. Since the average timber sale contract is between 3 to 4 years in length, it is reasonable to assume that the harvest value for the projected fourth year would relate to sale value from 4 years ago (referred to as 4-year lag model). This model has been used to determine anticipated timber receipts.

The current market situation in the timber industry is depressed severely. However, we are optimistic that there will be an upswing in the economy and the housing industry within the next year and that projections we have made in the volume to be harvested and the harvest values are realistically in line with the economic recovery.

FUTURE OF TIMBER OPERATORS

Mr. CROWELL. I'm sure that that $158 a thousand average price does take into account the short-term sale volumes which we have sold and will sell during the remainder of fiscal year 1982 and which will be harvested in significant part in 1983.

But we can provide the detail on that, Mr. Chairman. We'd be happy to do that.

Senator MCCLURE. We've had some comments already about the short-term and long-term future of timber operators and what you're doing. But I want to go into that just a little bit further.

Their ability to continue to survive in today's severely depressed market is questionable. There are many of them that are right on the margins, if not underneath those margins now.

TIMBER SALES PROPOSAL

Your 1983 timber sales proposal is for $12.3 billion board feet, an increase of 1.3 billion board feet—a 12-percent increase over your 1982 planned sales program of 11 billion board feet.

Your statement refers to the inability of the national forest timber purchasers to economically harvest timber under contract that they hold now due to high-bid prices. For example, you state that as much as 60 percent of 16½ billion board feet of the timber currently under contract in the Pacific Northwest is not economically harvestable. Timber contract extensions announced last October have postponed the due date for specific operator decisions. But that time is running out.

In addition to your sales level proposal in 1983, what else do you have under way to help us show ample supplies of timber when the housing economy strengthens, and what are you going to do when the current contract extensions expire?

Mr. CROWELL. The contract extensions are in two parts. In April 1980, the Forest Service responded to what was already apparent then—that we were in a slump. The Forest Service granted, or made available, 1-year extensions for contracts that were expiring before April 1, 1982.

Then, by October of last year, it was apparent that we weren't coming out of the housing slump and that distress continued. So we granted a second extension. This extension, which was for 2 years for contracts that were expiring or would expire by April 1, 1985, as I recall.

Now that means that the effect of those extensions would not finally be exhausted until April 1, 1987. We stretched out the availability of those extensions over that period as a result of the way they were made available.

Now, that may not be enough to furnish the needed relief, if things continue in the distressed condition that they are presently. And I can assure you, Mr. Chairman, that we are, as you are, very carefully monitoring the situation. We are looking at ways in which to grant relief.

One example of that is just last week, we went to the Comptroller General with a letter asking for his opinion about our authority to relax the terms under which we had been granting the first extension.

Senator MCCLURE. I have a copy of that letter. I will make it a part of the record at this point.

[The information follows:]

APR 15 1982

Honorable Charles A. Bowsher
Comptroller General
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

The Department of Agriculture respectfully requests an advisory opinion on the following question: Does the Forest Service have authority to enter into modifications of timber sale contracts that would waive a condition, imposed at the time of a previous contract term extension, which established a monthly payment schedule for remaining timber? The proposal would waive payment schedules in favor of the standard Forest Service practice of requiring payment from the purchaser prior to harvest. The background for this request is set forth in greater detail below.

On May 24, 1980, the Chief of the Forest Service authorized contract term extensions for timber sale contracts entered into prior to April 1, 1980, and due to terminate prior to April 1982, without requiring purchasers of such contracts to meet the usual criteria for an extension. See Forest Service Manual Title 2400, Interim Directive No. 64, dated July 31, 1980. (Hereafter I.D. 64.) Authority for such a waiver of extension criteria is found in 16 U.S.C. § 472a(C) (1976), which provides:

> The Secretary shall not extend any contract period with an original term of two years or more unless he finds (A) that the purchaser has diligently performed in accordance with an approved plan of operation, or (B) that the substantial overriding public interest justifies the extension. (Emphasis added.)

General authority for timber sales at 16 U.S.C. § 476 was superseded by the National Forest Management Act of 1976 and is now found in 16 U.S.C. § 472a. Implementing regulations are located in 36 C.F.R. Part 223.

Interim Directive 64, enclosed as Exhibit A, recited in support of the Chief's decision to extend contracts pursuant to 16 U.S.C. § 472a(C): "This decision was based on an impact assessment that found the action to be in the substantial overriding public interest in view of the unprecedented decline in demand for lumber and plywood." Further, I.D. 64 required that contract clause C4.251 (6/80), enclosed as Exhibit B, be added to any contract extended under the waiver of extension criteria. The purchaser is required by C4.251 to make equal monthly deposits during the first normal operating season under the extension so that all timber would be paid for by the last day of that operating season, whether or not timber was actually cut and removed.

The Forest Service now proposes to modify contracts extended under I.D. 64 to eliminate the requirement for monthly payments for timber under clause C4.251 during the first operating season under the extension.

It is well established that no officer or agent of the government has authority to release vested contractual rights without consideration. 40 Comp. Gen 309 (1970); Bausch & Lomb Optical Co. v. United States, 78 Ct. Cl. 584, 607, cert. denied 292 U.S. 645 (1934). On the other hand, modification of a government contract is authorized where the government receives a benefit in return for benefit granted the contractor. Benefit to the government for a contract modification need not be monetary; intangible benefit can constitute sufficient consideration. See No. B-173551 (Comp. Gen. Aug. 4, 1981), in which your office stated that unquantified reductions in resource and environmental damage that would occur under a Forest Service timber sale contract was sufficient consideration for a modification reducing timber volume to be cut, and thus reducing overall revenue from the sale. Also, the waiver of deposits would not contravene the restrictions found in Forest Service timber sale regulations at 36 C.F.R. § 223.8(c), which require that modifications

BEST COPY AVAILABLE

"will apply only to unexecuted portions of the contract and will not be injurious to the United States."

Under the presently proposed modification, total revenue from timber sales to be modified would not be reduced. By eliminating the requirement that payments be made on a fixed schedule during the extension, timber would be paid for only slightly in advance of cutting as provided in the contract clause B4.221 before addition of clause C4.251. Although the government would receive payments under the presently proposed modification later than it would have under the existing contract, the Forest Service proposes to require purchasers to pay interest on the deferred payments at the currently established Treasury interest rates as a consideration for the modification. Further, the government is presently protected by a performance bond, usually in the amount of 10 percent of the bid value of the original contract.

A large number of contract term extensions have been granted under I.D. 64. This spring the payments under clause C4.251 will start to come due on the majority of those contracts. However, the negative market situation which necessitated the extensions granted pursuant to I.D. 64 has not improved. The softwood lumber and plywood industries are tied closely to the housing industry. A post-World War II low in housing starts was reached in 1981. The housing starts prospect for 1982 is not good. All indicators point to numbers as low or lower than 1981. Indicators of how directly the softwood producers are affected by housing construction are: (1) domestic softwood lumber production in 1981 was the smallest volume since 1945; (2) apparent consumption of softwood lumber in 1981 was the smallest volume in 20 years; (3) production in the western woods region to date in 1982 is less than 65 percent of normal; and (4) for the week ending March 27, 65 percent of the softwood plywood industry, 57 percent of the western softwood sawmills, and 53 percent of the southern softwood sawmills were not operating or were operating on curtailed schedules.

To require payments to be made under C4.251 in the present market period would likely result in severe cash flow problems for the timber industry, with the possibility of a substantial loss of mill capacity through liquidation of company assets, since the contracts under extension are at price levels which are not now economical to operate. Thus, the extension deposits merely serve to extract cash from the industry without the benefit of generating any timber harvesting activity.

The Forest Service has recently proposed significant changes in its timber sale program, which will require earlier and greater investment of cash by purchasers in new sales. See 47 F.R. 2886 (Jan. 20, 1982), enclosed as Exhibit C. These changes, designed to require more realistic bidding levels for federal timber, are expected to result in sales which can be economically operated at current prices for timber products, thus stimulating employment and local economies. If the advance payment provisions required by the 1980 extension policy are not modified, the industry may be unnecessarily and unwisely drained of operating cash needs.

Should a large number of timber mills be forced into receivership by temporary cash flow problems, the negative effects on competition and employment are obvious. Those timber purchasers remaining after the present down market will face greatly decreased competition and may be able to buy federal timber at artificially low prices without motivation to pass savings on to consumers. Maintenance of a healthy pool of competitors for Forest Service timber is a necessary prerequisite to the government timber sale programs. Similarly, the statutory purpose of the national forest at 16 U.S.C. § 475 "to furnish a continuous supply of timber for the use and necessities of citizens" would be imperiled by the closing of mill facilities.

It is our belief that the beneficial effect of future competition for Forest Service timber should, together with interest payments, form sufficient consideration for the type of modification proposed, especially since the government would suffer no monetary detriment as a result.

Due to the nature of this problem, we respectfully ask expedited consideration of our request. In order to provide further explanation and answer any questions

BEST COPY AVAILABLE

which you and your staff may have, we look forward to meeting with you at your earliest convenience. Please contact Mr. George Leonard, Timber Management staff, Forest Service, telephone 447-6893, for any assistance.

Sincerely,

/s/ John R. Block

2433.12

FOREST SERVICE MANUAL
Washington, D. C.

INTERIM DIRECTIVE NO. 64

July 31, 1980

DURATION: One year from issuance date unless previously terminated or reissued.

CHAPTER: 2430 Commercial Timber Sales

POSTING NOTICE: Last ID is No. 63 in FSM 2430

This directive adds instructions for waiver of extension criteria to FSM 2433.12.

ADD THE FOLLOWING TO: 2433.12--Contract term extension.

b. Waiver of extension criteria. The Chief authorized a waiver of extension requirements under the authority provided in 36 CFR 223.8 (f)(2) on May 24, 1980. This authorization waived extension criteria for all softwood sawtimber sales sold prior to April 1, 1980, which terminate prior to April 1982. This decision was based on an impact assessment that found the action to be in the substantial overriding public interest in view of the unprecedented decline in demand for lumber and plywood. Qualifying sales shall also include softwood sawtimber sales that were extended once prior to April 1, 1980.

Deposits for sale extension will not be required until the beginning of the first normal operating season specified in the contract extension. National provisions C4.251 (6/80) and CT4.251 (6/80) will be added to the contract at the time of extension.

Qualifying sale contracts may be extended for one year upon request by the purchaser. The remaining timber will be reappraised at time of extension following normal procedures.

Thomas C. Nelson

THOMAS C. NELSON
[illegible] CHIEF

WO-C4.251
(6/80)

C4.251 - Extension Deposits (6/80). Forest Service shall divide Current Contract Value as of the start of Contract Term Extension by the number of whole months in Normal Operating Seasons within the extension period to determine the amount of each Extension Deposit. Purchaser shall have made the initial Extension Deposit immediately prior to the start of the first Normal Operating Season following the effective date of extension. In response to Forest Service billing, under C4.221, Purchaser shall make advance cash deposits. Such deposits together with earned Purchaser Credit shall at least equal each Extension Deposit for every month in Normal Operating Seasons during the extension period. Said deposits

BEST COPY AVAILABLE

shall be due by the last day of each month during Normal Operating Season whether or not the volume deposited for has been Scaled.

Instructions: Use to modify contract for any Contract Term Extension granted between April 1, 1980, and April 1, 1982. Provisions C4.221 - Advance Deposits and C4.23 - Refund of Excess Cash must be included in such modifications.

FILE: B-207165 DATE: May 3, 1982

MATTER OF: Department of Agriculture--
Request for Advance Decision

DIGEST:

> Modification of timber sale contracts to permit contractors to defer required monthly payments is permissible where contractors agree to pay interest for deferred payment period, since interest is legal consideration.

The Secretary of Agriculture has requested an advance decision of this Office concerning the proposed modification of a number of timber sale contracts.

We have no legal objection to the modifications.

On May 24, 1980, the United States Forest Service extended a number of timber sale contracts entered into prior to April 1, 1980, and due to terminate prior to April 1982. Due to extremely unfavorable economic conditions in the timber industry, it appeared that the contractors would be unable to perform within the contract term, and would face default terminations if the contracts were not extended. The extensions were made under the authority of 16 U.S.C. § 472a(c) (1976), which authorizes the Secretary of Agriculture to grant extensions when he finds that the substantial overriding public interest justifies the extensions. As a condition of extending the contracts for the benefit of the contractors, the Forest Service modified the payment provision of the contracts to benefit the Government. Prior to the extension, the contracts contained the standard payment clause, which requires that payment be made shortly before timber is actually cut. After the extension, the contracts contained a clause requiring monthly payments to be made during the first operating season so that all timber would be paid for by the last day of the season, whether or not timber was actually cut.

The first of these payments is due in May 1982, and economic conditions have not improved in the timber industry. Consequently, the Forest Service proposes a further modification of the payment terms of the contract to essentially waive the monthly payment requirement and return to the previous system of payment just prior to cutting. In return, the Forest Service proposes to require the contractors to pay interest on the deferred payments for the period from the payment due dates until payment is actually made. The interest rate is to be set by the prevailing Department of the Treasury interest rates.

BEST COPY AVAILABLE

As the Forest Service recognized in its request, no officer or agent of the Government has authority to relinquish a vested contractual right of the Government without adequate legal consideration. Bausch & Lomb Optical Co. v. United States, 78 Ct. Cl. 584, cert. denied, 292 U.S. 645 (1934). The contractual right in question here is the right to the payments on the dates that they are due. If the contracts are modified as proposed, the Government will still retain the right to the money involved, but will receive it at a later date. Consequently, the Government will lose the use of the money for the deferred payment period. In our opinion, interest for that period at the fair market rate is legal consideration for the Government's deferral of the time for payment. See, e.g., Brooklyn Bank v. O'Neil, 324 U.S. 697 (1945); Deputy v. Dupont, 308 U.S. 488, 498 (1940); Daniel v. First National Bank of Birmingham, 228 F.2d 803, 806 (1956). Therefore, we have no legal objection to this proposed modification.

Milton J. Fowler

Acting Comptroller General
of the United States

TIMBER SALES IN THE SHORT TERM

Mr. CROWELL. Thank you. You've already alluded to the attempts to work out something which might be legislated. Such as some sort of partial contract terminations in order to prevent severe defaults or bankruptcies which we're all afraid of if things don't improve within the next year.

Senator McCLURE. How do you think the 1983 sales program increase of 1.3 billion board feet will help the short-term situation?

Mr. CROWELL. Primarily, that it will give assurance to operators that the Forest Service will continue to make volumes available for purchase. And doing so will tend to hold down competitive pressures for bidding on the limited supply of timber which might otherwise be the expectation.

As you know, Mr. Chairman, we also have taken steps to change our timber sale contract procedures in a way that we believe is designed to prevent the sort of speculative bidding that has occurred in recent years.

So the combination of those new procedures and adequate timber supplies for the future ought to provide the kinds of assurance that we believe are necessary for a balanced economic climate in the forest product and supply industry which is dependent upon Federal timber.

Senator McCLURE. There are a couple of concerns that I would express at this time. One is the short-term problems that afflicts the entire industry.

This is not something that just is small operator versus large operator—northwestern or western vs. southern, Federal vs. private. It affects the entire industry.

Mr. CROWELL. You're absolutely right, Mr. Chairman.

Senator McCLURE. And what the Forest Services does has some impact. I can be somewhat sympathetic with Mr. Cochran's questions

BEST COPY AVAILABLE

about, well, if you increase volumes in the west, what does that do to the southern timber operator? He is legitimately concerned about what would happen to them.

But I would share the opinion you expressed that the volume that we're talking about from the western public lands is not going to undercut the ability of the people in the south to survive.

They're very good operators and very good competitors, and I don't think they've got that kind of a problem.

Would you provide for the record the distribution of the increases in sales volume by region?

Mr. CROWELL. Yes; as a matter of fact we have that already prepared, and I can do that very readily.

Senator MCCLURE. Thank you.

[The information follows:]

FISCAL YEAR 1983 TIMBER SALES VOLUME DISTRIBUTION TO REGIONS BY 100 MILLION BOARD FEET INCREMENTS

Regions:					
1	1,170	1,180	1,190	1,200	1,210
2	380	380	380	390	390
3	440	450	450	460	460
4	410	410	410	420	420
5	1,930	1,950	1,970	1,980	2,000
6	5,160	5,210	5,250	5,290	5,340
8	1,230	1,240	1,250	1,260	1,270
9	700	700	710	710	720
10	480	480	490	490	490
National total	11,900	12,000	12,100	12,200	12,300

ALASKA TIMBER SALES PROGRAM

Senator MCCLURE. In that regard, I note that the regional distribution shows that in increased program, Alaska's total volume decreases.

I am puzzled to know why an increased program yields a decrease.

Mr. CROWELL. I'm not quite sure what you're referring to, Mr. Chairman. My impression was that the 1983 timber sale program in Alaska was to lead to a timber sales offering of 475 million board feet.

Senator MCCLURE. The figures that I have show that at 11.9 billion board feet nationally, Alaska would have 540 million board feet. Under the expanded program of 12.3 billion it's reduced to 491 million.

Mr. PETERSON. Mr. Chairman, the 1982 number was 409 billion. In 1983 it's 491 billion.

Senator MCCLURE. 409 billion?

Mr. PETERSON. 490 and 491 billion. We are required under the Alaska lands legislation to offer 4.5 billion over a 10-year period.

Senator MCCLURE. I don't understand because we have a distribution at the program at 11.9 billion. That distribution shows Alaska at 540 billion.

Mr. PETERSON. Our 1982 program is only 11 billion, not 11.9 billion.

Senator McClure. I'm talking about an 1983 program. We're comparing the Alaska program at the level of 11.9 and 12.3 billion.

Mr. Peterson. Oh, you're looking at the timber sale volume in Alaska. If we were to cut the fiscal year 1983 program back to 11.9 billion. I think we'd have to look at that again.

[Clerk's note.—The corrected table appears above.]

BENEFIT-COST ANALYSES

Senator McClure. Your statement refers to increased use of benefit-cost analyses to justify Federal expenditures. Does each increment with this increased sales program pass the B/C test?

Mr. Crowell. I'm not sure I can answer that question because any increment, I assume, would mean each sale. We certainly contend that we don't make sales at a loss.

Senator McClure. Without getting into that, my real question is that the B/C test is applied uniformly.

Mr. Crowell. No; it would not be applied uniformly. There would have to be other factors taken into account in determining where the timber sale program's actually going to be.

Senator McClure. Could you provide in addition to the distribution of the increased sales program by region the justification that would indicate why it departs from B/C tests, if indeed it does?

Mr. Peterson. We can do that, Mr. Chairman.

[The information follows:]

Justification of Volume Increases Not Passing B/C Tests

In preparing the timber sale program and budget, the Forest Service uses the most cost-effective combinations of programs, first at the national forest level within each region, and second, at the regional level when preparing the overall Forest Service budget proposals. Inherent in proposals at each level are not only benefit/cost considerations, but also consideration of productive capacity and sustained yield of each management unit, investment needs, and overall land management treatment of individual stands of timber or units of land.

The Forest Service recognizes that the cost of entry into some timber stands are not immediately recoverable by the receipts from that activity. In addition, section 6 of the Resources Planning Act requires the identification of a representative sample of advertised timber sales that were sold below the estimated costs for removal of such timber. The principal reasons for selling timber below cost are: (1) to salvage timber, (2) to improve growth by meeting the silvicultural needs of individual stands of timber, or (3) to satisfy the needs of some communities and timber purchaser, who are locally dependent on national forest timber sales. Costs and returns, however, should be viewed in context of the overall long range management of the national forests, not the costs and returns for an individual sale activity or stand entry. It takes many years to grow trees to harvestable size, and some investments are necessary during that growing cycle. These investments could include such things as thinnings, sanitation, and disease control, and access. The return on these investments may occur in just a few years or it may be 20–100 years away, depending on the needs of the timber stand and the forest property as an integral management unit. In addition, there are many nontimber benefits from these management activities, including those to wildlilfe habitat improvement, reduction of fire and insect hazards, and recreation. In that context, there are no "below cost" national forest timber sale programs, even though the actual cost of individual entries into some timber stands at not covered by actual receipts from that entry.

Generally, the areas where current costs of doing business are not immediately returned in stumpage payments are in the Rocky Mountain and intermountain regions. In these areas the sale program is largely designed to meet the timber supply needs of the dependent industry. Only relatively small adjustments in the planned sale program would be made in these areas in response to changes in national program levels. There were no increases in volume by increments until the 12.2 billion board foot level. In both of the regions, the increment increase was 10 million board feet:

	11.9	12.0	12.1	12.2	12.3
Rocky Mountain	380	380	380	390	390
Intermountain	410	410	410	420	420

INCREASES IN SALE PROGRAM

Mr. CROWELL. If I understand your question, the general response would be that all increases in the sale program will not take place where the benefit-cost ratio is the highest or the best. That would tend to concentrate the program on the highest site areas, where the cost-benefit ratios are most favorable. And that would tend to be disproportionate to western Oregon, western Washington, and northwestern California in all probability.

You have to take into account other considerations, such as dependent communities and the need to bring under management lands which have the capability of being highly productive, but which may not be because of the present stand conditions.

Senator McCLURE. If you'll provide for the record that regional distribution and justification to that distribution.

Mr. CROWELL. We'll do that.

Senator McCLURE. If this committee wanted to maintain the 1983 sales level at the 1982 Senate position, of 11.9 billion board feet, including related road costs, what would be the savings realized?

Mr. CROWELL. We may have that here.

Senator McCLURE. Maybe we could save time, and allow you to be a little more precise in your answer as well, by asking you to provide that for the record, together with a complete breakdown of the costs and volumes by region.

[The information follows:]

COST COMPARISONS FOR TIMBER SALE PROGRAMS

The following tables show the timber sale preparation and administration costs, timber support costs, road construction costs, and special accounts costs for each 100 million board feet increment. Each 100 million board foot increment from 11 to 12.3 billion board feet will generate to receipts approximately $25 million.

FY 1983 TIMBER SALE PREPARATION COST TABLE
Volume (Billion Board Feet)

Budget Item	11.0	11.1	11.2	11.3	11.4	11.5	11.6	11.7	11.8	11.9	12.0	12.1	12.2	12.3
	(Million Dollars)													
NATIONAL FOREST SYSTEM:														
Sales Preparation	121.2	122.3	123.4	124.5	125.6	126.7	127.8	128.9	130.0	131.1	132.2	133.3	134.4	135.5
Harvest Administration	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.1	51.6	52.0	52.4	52.8
Harvest Volume (MMBF)	(10.6)													
Subtotal	172.3	173.4	174.5	175.6	176.7	177.8	178.9	180.0	181.1	182.2	183.8	185.3	186.8	188.3
Minerals	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3
Land Line	17.7	17.9	18.0	18.2	18.4	18.5	18.7	18.8	19.0	19.2	19.4	19.6	19.7	19.8
Fire Protection	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.9	2.9
Road Maintenance	30.8	31.0	31.3	31.6	31.9	32.1	32.4	32.7	33.0	33.2	33.5	33.8	34.1	34.4
Recreation (Cult. Surveys)	8.1	8.2	8.3	8.4	8.4	8.5	8.6	8.7	8.7	8.8	8.9	8.9	9.0	9.1
Wildlife and Fish	4.1	4.2	4.2	4.2	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.5	4.6
Range	.4	.4	.5	.5	.5	.5	.5	.5	.5	.5	.5	.5	.5	.5
Soil and Water	5.6	5.7	5.7	5.8	5.8	5.9	5.9	6.0	6.0	6.1	6.2	6.2	6.2	6.3
Subtotal	70.5	71.2	71.8	72.6	73.2	73.7	74.3	75.1	75.6	76.3	77.0	77.6	78.2	78.9
CONSTRUCTION:														
Forest Road Construction	226.0	228.0	230.1	232.2	234.2	236.3	238.3	240.4	242.4	244.5	246.6	248.6	250.6	252.7
Purchaser Construction	(240.0)	(242.2)	(244.4)	(246.6)	(248.8)	(250.9)	(253.1)	(255.3)	(257.5)	(259.7)	(261.9)	(264.1)	(266.2)	(268.4)
Purchaser Election	40.4	40.5	40.9	41.2	41.6	41.9	42.3	42.7	43.1	43.4	43.8	44.1	44.5	44.9
Subtotal	266.4	268.5	271.0	273.4	275.8	278.2	280.6	283.1	285.5	287.9	290.4	292.7	295.1	297.6
SPECIAL:														
Brush Disposal	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.5	49.9	50.3	50.7
Timber Salvage	7.0	7.1	7.1	7.2	7.3	7.3	7.4	7.4	7.5	7.6	7.7	7.7	7.8	7.9
Tongass Timber Supply Fund	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.2	40.5	40.8	41.1	41.5
Subtotal	96.3	96.4	96.4	96.5	96.6	96.6	96.7	96.7	96.8	96.9	97.7	98.4	99.2	100.1
TOTAL	605.5	609.5	613.7	618.1	622.3	626.3	630.5	634.9	639.0	643.3	648.9	654.0	659.3	664.9

COST DISTRIBUTION TO REGIONS AT THE 11.9 BBF LEVEL FISCAL YEAR 1983
(Thousand Dollars)

REGION VOLUMES Million Board Feet	1 1,170	2 380	3 440	4 410	5 1,930	6 5,160	8 1,230	9 700	10 480	TOTAL 11,900
Timber Sales Preparation	12,880	4,180	4,850	4,520	21,250	56,830	13,550	7,710	5,290	131,050
Harvest Administration	5,020	1,630	1,890	1,760	8,280	22,140	5,280	3,000	2,060	51,070
Sub-Total	17,900	5,810	6,740	6,280	29,530	78,970	18,830	10,710	7.350	182,120
Timber Support										
Minerals	120	40	50	40	200	550	130	70	50	1,260
Land Line	1,880	610	710	660	3,110	8,300	1,980	1,130	770	19,150
Fire Protection	280	90	100	100	450	1,210	290	160	110	2,800
Road Maintenance	3,270	1,060	1,230	1,150	5,400	14,430	3,440	1,960	1,340	33,270
Recreation	870	280	330	300	1,430	3,820	910	520	350	8,800
Wildlife and Fish	440	140	160	150	720	1,930	460	260	180	4,460
Range	50	20	20	20	80	210	50	30	20	480
Soil and Water	600	190	230	210	990	2,640	630	360	250	6,090
Sub-Total, Support	7,500	2,440	2,820	2,630	12,380	33,090	7,890	4,490	3,080	76,310
Total National Forest System	25,400	8,250	9,560	8,910	41,910	112,060	26,720	15,200	10,430	258,430
Forest Road Construction	24,030	7,800	9,040	8,420	39,640	105,980	25,260	14,380	9,860	244,400
Purchaser Construction	(25,520)	(8,290)	(9,600)	(8,940)	(42,100)	(112,560)	(26,830)	(15,270)	(10,470)	(259,590)
Purchaser Election	4,270	1,390	1,610	1,500	7,040	18,830	4,490	2,550	1,750	43,430
Sub-Total, Road Construction	28,300	9,190	10,650	9,920	46,680	124,810	29,750	16,930	11,610	287,830
Brush Disposal Fund	4,820	1,570	1,810	1,690	7,950	21,260	5,070	2,880	1,980	49,040
Timber Salvage Fund	750	240	280	260	1,240	3,310	790	450	310	7,640
Tongass Timber Management Supply Fund	0	0	0	0	0	0	0	0	40,100	40,100
Sub-Total, Special Accounts	5,570	1,810	2,090	1,950	9,190	24,570	5,860	3,330	42,390	96,810
Total Timber Sale Program	59,270	19,250	22,300	20,780	97,780	261,440	62,330	35,460	64,430	643,070

Totals may not add, due to rounding off.

COST DISTRIBUTION TO REGIONS AT THE 12.0 bbf LEVEL-FISCAL YEAR 1983

REGION	1	2	3	4	5	6	8	9	10	TOTAL
VOLUMES MMBF	1,180	380	450	410	1,950	5,210	1,240	700	480	12,000
Timber Sales Preparation	12,990	4,180	4,960	4,520	21,470	57,380	13,660	7,710	5,290	132,150
Harvest Administration	5,060	1,630	1,930	1,760	8,370	22,360	5,320	3,000	2,060	51,500
Sub-total	18,050	5,810	6,890	6,280	29,840	79,740	18,980	10,710	7,350	183,650
Timber Support										
Minerals	120	40	50	40	210	550	130	70	50	1,260
Land Line	1,900	610	720	660	3,140	8,380	2,000	1,130	770	19,310
Fire Protection	280	90	110	100	460	1,230	290	170	110	2,840
Road Maintenance	3,300	1,060	1,260	1,150	5,450	14,570	3,470	1,960	1,340	33,560
Recreation	870	280	330	300	1,440	3,860	920	520	360	8,880
Wildlife and Fish	440	140	170	150	730	1,950	460	260	180	4.480
Range	50	20	20	20	80	210	50	30	20	500
Soil and Water	600	190	230	210	1,000	2,670	630	360	250	6,140
Sub-Total, Support	7,560	2,430	2,890	2,630	12,510	33,420	7,950	4,500	3,080	76,970
Total National Forest System	25,610	8,240	9,780	8,910	42,350	113,160	26,930	15,210	10,430	260,610
Forest Road Construction	24,240	7,800	9,240	8,420	40,050	107,000	25,470	14,380	9,860	246,460
Purchaser Construction	(25,740)	(8,290)	(9,820)	(8,940)	(42,540)	(113,650)	(27,050)	(15,270)	(10,470)	(261,770)
Purchaser Election	4,310	1,390	1,640	1,500	7,120	19,010	4,520	2,550	1,750	43,790
Sub-Total, Road Construction	28,550	9,190	10,880	9,920	47,170	126,010	29,990	16,930	11,610	290,250
Brush Disposal Fund	4,860	1,570	1,850	1,690	8,040	21,470	5,110	2,880	1,980	49,450
Timber Salvage Fund	760	240	290	260	1,250	3,340	800	450	310	7,700
Tongass Timber Management Supply Fund	0	0	0	0	0	0	0	0	40,470	40,470
Sub-Total, Special Accounts	5,620	1,810	2,140	1,950	9,290	24,810	5,910	3,330	42,760	97,620
Total Timber Sale Program	59,780	19,240	22,800	20,780	98,810	263,980	62,830	35,470	64,800	648,480

(Columns may not add due to rounding)

COST DISTRIBUTION TO REGIONS AT THE 12.1 bbf LEVEL-FISCAL YEAR 1983

REGION VOLUMES MMBF	1 1,190	2 380	3 450	4 410	5 1,970	6 5,250	8 1,250	9 710	10 490	TOTAL 12,100
Timber Sales Preparation	13,080	4,230	5,020	4,520	21,640	57,830	13,770	7,870	5,310	133,250
Harvest Administration	5,110	1,670	1,970	1,770	8,460	22,520	5,310	3,050	2,070	51,920
Sub-total	18,190	5,900	6,980	6,290	30,090	80,350	19,080	10,920	7,380	185,180
Timber Support										
Minerals	130	40	50	40	210	560	130	80	50	1,290
Land Line	1,900	600	700	700	3,150	8,400	2,000	1,100	800	19,350
Fire Protection	300	100	100	100	460	1,200	300	200	100	2,860
Road Maintenance	3,300	1,100	1,300	1,100	5,500	14,700	3,500	2,000	1,400	33,900
Recreation	900	300	300	300	1,460	3,890	900	500	360	8,910
Wildlife and Fish	400	100	200	200	730	1,970	500	300	200	4,600
Range	50	20	20	20	80	210	50	30	20	500
Soil and Water	600	200	200	200	1,000	2,680	600	400	300	6,180
Sub-Total, Support	7,580	2,460	2,870	2,660	12,590	33,610	7,980	4,610	3,230	77,590
Total National Forest System	25,770	8,360	9,850	8,950	42,680	113,960	27,060	15,530	10,610	262,770
Forest Road Construction	24,400	7,800	9,200	8,400	40,500	107,800	25,700	14,600	10,100	248,510
Purchaser Construction	(26,000)	(8,300)	(9,800)	(8,900)	(43,000)	(114,500)	(27,300)	(15,500)	(10,700)	(263,950)
Purchaser Election	4,410	1,440	1,720	1,530	7,200	19,260	4,490	2,520	1,600	44,160
Sub-Total, Road Construction	28,810	9,240	10,920	9,930	47,700	127,060	30,190	17,120	11,700	292,670
Brush Disposal Fund	4,900	1,600	1,900	1,700	8,100	21,560	5,200	2,900	2,000	49,860
Timber Salvage Fund	760	250	290	270	1,260	3,380	800	450	310	7,770
Tongass Timber Management Supply Fund	0	0	0	0	0	0	0	0	40,810	40,810
Sub-Total, Special Accounts	5,660	1,850	2,190	1,970	9,360	24,940	6,000	3,350	43,120	98,440
Total Timber Sale Program	60,240	19,450	22,960	20,850	99,740	265,960	63,250	36,000	65,430	653,880

(Columns may not add due to rounding)

COST DISTRIBUTION TO REGIONS AT THE 12.2 bbf LEVEL-FISCAL YEAR 1983

REGION VOLUMES MMBF	1 1,200	2 390	3 460	4 420	5 1,980	6 5,290	8 1,260	9 710	10 490	TOTAL 12,200
Timber Sales Preparation	13,190	4,260	5,060	4,560	21,810	58,300	13,890	7,930	5,350	134,350
Harvest Administration	5,160	1,690	1,980	1,780	8,530	22,710	5,350	3,080	2,090	52,360
Sub-total	18,340	5,950	7,040	6,340	30,340	81,010	19,240	11,010	7,440	186,710
Timber Support										
Minerals	130	50	50	40	210	550	130	80	50	1,290
Land Line	1,880	600	790	690	3,170	8,530	1,980	1,190	790	19,620
Fire Protection	290	80	110	100	470	1,240	300	170	120	2,880
Road Maintenance	3,370	1,090	1,290	1,190	5,540	14,770	3,570	1,980	1,390	34,190
Recreation	880	290	340	310	1,470	3,920	930	520	360	9,020
Wildlife and Fish	450	150	170	160	740	1,980	470	270	180	4,570
Range	50	20	20	30	80	210	50	30	0	490
Soil and Water	600	200	200	200	1,000	2,680	690	400	300	6,270
Sub-Total, Support	7,650	2,480	2,970	2,720	12,680	33,880	8,120	4,640	3,190	78,330
Total National Forest System	25,990	8,430	10,010	9,060	43,020	114,890	27,360	15,650	10,630	265,040
Forest Road Construction	24,690	7,930	9,320	8,530	40,750	108,780	25,880	14,670	10,010	250,560
Purchaser Construction	(26,180)	(8,430)	(9,915)	(9,120)	(43,230)	(115,510)	(27,470)	(15,570)	(10,710)	(226,131)
Purchaser Election	4,360	1,390	1,690	1,480	7,340	19,330	4,560	2,580	1,790	44,520
Sub-Total, Road Construction	29,050	9,320	11,010	10,010	48,090	128,110	30,440	17,250	11,800	295,080
Brush Disposal Fund	4,960	1,590	1,880	1,690	8,230	21,760	5,160	2,970	1,980	50,220
Timber Salvage Fund	780	260	290	280	1,290	3,400	810	460	310	7,880
Tongass Timber Management Supply Fund	0	0	0	0	0	0	0	0	41,150	41,150
Sub-Total, Special Accounts	5,740	1,850	2,170	1,970	9,520	25,160	5,970	3,430	43,440	99,250
Total Timber Sale Program	60,780	19,600	23,190	21,040	100,630	268,160	63,770	36,330	65,870	659,370

(Columns may not add due to rounding)

COST DISTRIBUTION TO REGIONS AT THE 12.3 BBF LEVEL FISCAL YEAR 83

(Thousand Dollars)

REGION	1	2	3	4	5	6	8	9	10	TOTAL
VOLUMES Million Board Feet	1,210	390	460	420	2,000	5,340	1,270	720	490	12,304
Timber Sales Preparation	13,300	4,300	5,100	4,600	22,000	58,800	14,000	8,000	5,400	135,500
Harvest Admistration	5,200	1,700	2,000	1,800	8,600	22,900	5,400	3,100	2,100	52,800
Sub-Total	18,500	6,000	7,100	6,400	30,600	81,700	19,400	11,100	7,500	188,300
Timber Support										
Minerals	130	50	50	40	210	560	130	80	50	1,300
Land Line	1,900	600	800	700	3,200	8,600	2,000	1,200	800	19,800
Fire Protection	290	90	110	100	470	1,250	300	170	120	2,900
Road Maintenance	3,400	1,100	1,300	1,200	5,500	14,900	3,600	2,000	1,400	34,400
Recreation	890	290	340	310	1,480	3,950	940	530	370	9,100
Wildlife and Fish	450	150	170	160	750	2,000	470	270	180	4,600
Range	50	20	30	30	80	210	50	30	0	500
Soil and Water	600	200	200	200	1,000	2,700	700	400	300	6,300
Sub-Total, Support	7,710	2,500	3,000	2,740	12,690	34,170	8,190	4,680	3,220	78,900
Total National Forest System	26,210	8,500	10,100	9,140	43,290	115,870	27,590	15,780	10,720	267,200
Forest Road Construction	24,900	8,000	9,400	8,600	41,100	109,700	26,100	14,800	10,100	252,700
Purchaser Construction	(26,400)	(8,500)	(10,000)	(9,200)	(43,600)	(116,500)	(27,700)	(15,700)	(10,800)	(268,400)
Purchaser Election	4,400	1,400	1,700	1,500	7,400	19,500	4,600	2,600	1,800	44,900
Subtotal, Road Construction	29,300	9,400	11,100	10,100	48,500	129,200	30,700	17,400	11,900	297,600
Brush Disposal Fund	5,000	1,600	1,900	1,700	8,300	22,000	5,200	3,000	2,000	50,700
Timber Salvage Fund	800	300	300	300	1,300	3,300	800	500	300	7,900
Tongass Timber Management Supply Fund	0	0	0	0	0	0	0	0	41,500	41,500
Subtotal-Special Accounts	5,800	1,900	2,200	2,000	9,600	25,300	6,000	3,500	43,800	100,100
Total Timber Sale Program	61,310	19,800	23,400	21,240	101,390	270,370	64,290	36,680	66,420	664,900

Totals may not add due to rounding off.

THE 10-PERCENT FUND

Senator McClure. Mr. Crowell, you're also proposing legislation repealing the 10-percent fund. That fund specifies that 10 percent of the receipts from the sale of national forest system products be used in the State where collected to finance the roads and trails program. You're recommending, instead, that all road financing be provided by direct appropriation.

Why is that change desirable?

Mr. Crowell. One of the problems in dealing with the 10-percent fund has been the difficulty in predicting accurately the amount of money that would be generated. In other words, the 10 percent is measured by the gross sales that actually are realized as a result of harvesting during the year. That creates an uncertainty and a difficulty when we overestimate the amount that's anticipated from the amount that we actually realize.

And so, by combining the two figures and just rolling the 10 percent money into the normal appropriated roads account, we would remove that uncertainty.

It's most unlikely—in fact, almost inconceivable—that any State would receive less road money as a result of that change, because the appropriated amount for roads considerably exceeds the 10 percent that would be generated from receipts.

Senator McClure. Senator Leahy, do you have questions?

Senator Leahy. Thank you, Mr. Chairman, I have a number of questions.

I'd ask that several of the questions be submitted for the record. Some of the questions I ask this morning may be repetitious. So, I'll check those and submit them if that's all right.

Senator McClure. That's fine. They will be submitted. And when the answers are received, they will be made a part of the record.

RESEARCH BUDGET

Senator Leahy. Thank you.

Mr. Crowell, during your confirmation hearings before the Agriculture Committee, you said—in support of this program—"A high level of well-directed and managed research by the Forest Service is necessary in a manner similar to the Federal Governments' responsibility for agriculture. The existing complement of experiment stations and the outstanding scientists managing them are the strong points in the Forest Service research program."

I happen to agree very much with that statement. I also note that during the hearing for the fiscal 1981 budget, the Forest Service testified before this subcommittee that "We are convinced the research investments offer some of the best opportunities to improve forest productivity and wood utilization to relieve pressure on forest product prices."

Yet, the research budget in fiscal year 1983 is going to be cut by 11 percent. Can you explain why that is, this research is so important?

Mr. CROWELL. Yes, Senator, I can. The reduction in the research budget is simply a reflection of the fact that the high-level returns that we expect to get from a research budget can be continued even after that reduction.

In other words, the 11 percent that we're proposing to cut is the least productive range of our existing research program. We believe that we can continue to get the high-level returns. In fact, it will be even better by taking out the low end. We have done what I think is a pretty good analysis in order to determine just what research projects should be deferred or eliminated.

Senator LEAHY. What are some of the ones that are going to be deferred? And where are they?

Mr. CROWELL. I'd have to refer to Dr. Buckman, who is the Deputy Chief in charge of research, to be able to answer that in detail.

Senator LEAHY. Is he here?

Mr. CROWELL. Yes, he is.

Senator LEAHY. I'd like to hear what some of those are. After the glowing introduction to the research before, I'm assume they are very necessary.

Tell me about the ones that are not necessary and that are going to be cut out and which are nonproductive or unproductive or less productive.

Mr. CROWELL. Senator, I don't think there's anything inconsistent about the importance of research. We still are maintaining a research capability supported by $100 million a year, which is the most significant forest research program being carried on anywhere in the world. We're trying to make it somewhat more efficient and more productive than it already is.

Senator LEAHY. We also have some of the most significant forests in the world, too, and some of the most significant forest management programs in the world. I would hope we're doing a lot better than, for example, Bangledesh, or spending more money than a number of other countries.

Mr. CROWELL. We are.

Senator LEAHY. You don't have to compare us to the rest of the world. Let's just consider what we're doing right here.

Go ahead, Doctor.

Mr. BUCKMAN. Senator Leahy, we examined our research program in considerable detail in view of the priorities that were provided to us. And we outlined a number of criteria against which the research program would be evaluated:

The relationship between the program and the national goals of the Department of Agriculture and the administration; the importance and the timeliness of the research, could it be postponed, was it nearing completion; the impact of the research; and would the findings of the research make a significant difference if the research is successful.

Another criteria had to do with the quality and productivity of the research.

CLOSING OF RESEARCH LOCATIONS

Senator LEAHY. And having done that and applied that criteria, what got cut out?

Mr. BUCKMAN. In the final analysis, Senator Leahy, it resulted in the proposed closing of 9 research locations out of 83, about 35 individual research work units terminated out of 240, and about 420 positions abolished out of 2,700 or 2,800 of that were proposed for abolishment.

Senator LEAHY. Where were the nine located?

Mr. BUCKMAN. Bend, Oreg.; Bottineau, N. Dak.; Lubbock, Tex.; Marquette, Mich.; Fayetteville, Ark.; Lehigh Acres, Fla.; Sewanee, Tenn.; and Beltsville, Md.

Senator LEAHY. Now, the research budget was cut 11 percent.

Senator MCCLURE. Didn't you omit one, Doctor? Reno, Nev.?

Mr. BUCKMAN. Reno, Nev. I'm sorry.

Senator LEAHY. The research budget—you mean there's no longer need for us to go off to Reno, Nev., to check it?

Senator MCCLURE. I'm sorry about that. [Laughter.]

Senator LEAHY. I'll have to change my committee.

Senator MCCLURE. You'll have to check some other wildlife or some other pests. [Laughter.]

Senator LEAHY. I would like the chairman's recommendations in that regard.

We cut the research budget 11 percent; am I correct? The research positions have been cut 20 percent?

Mr. BUCKMAN. What percent?

Senator LEAHY. 20 percent for the research positions?

Mr. BUCKMAN. Yes.

Senator LEAHY. And these research positions, where will they be lost? Evenly between the East and the West? Or more in the East, more in the West? How?

Mr. BUCKMAN. Approximately evenly between the East and the West, Senator Leahy.

Senator LEAHY. And universities?

Mr. BUCKMAN. There are no university positions involved, but there is cooperative research with the universities that will be affected.

Senator MCCLURE. Senator Leahy, if you'd permit me, I would like to inject at this point something that ought to be apparent, whether it's right or not.

First of all, Dr. Buckman, you have an immense reputation in the field of research, and your words and your recommendations are very valuable. And we accept them in the professional spirit in which they are given.

I say that because I note that five of the nine research labs to be closed are in States represented by members of this subcommittee. And if you expect this subcommittee to support your recommendations, you're going to have to have a powerful argument. [Laughter.]

Senator MCCLURE. I say that hoping that, indeed—and expecting, indeed—that you have logical reasons for your choices.

And as far as the members of this committee, you're going to have to have logical reasons.

Senator LEAHY. Is the chairman suggesting that even a hint of parochialism would ever raise its head in this committee?

Senator MCCLURE. I would never say that.

I'm just saying that this committee is going to have to be persuaded by logic. Otherwise, I would suggest that there are other criteria that are going to be applied to at least five of those nine.

Mr. BUCKMAN. Mr. Chairman, I was fully aware that concerns of this nature would be forthcoming at these hearings. The instructions to our experiment station directors and our top staff was that these decisions had to be made against those criteria that I outlined, and that the course of action that we took had to be along the merits of the program and none other.

Senator LEAHY. Could I suggest—and I will elaborate on this for the record—but in both the research program and the State and private forestry program, I'd like to know how the proposed budget addresses the opportunities for the eastern hardwood forests?

That may sound like a parochial question and perhaps, to some extent, it is. I'm sure a similar question can be asked for western ones.

But would you pay particular attention to that question when it is submitted. I am quite concerned about how that might be done, especially as a great deal of the eastern forests are in nonindustrial, private ownership. It is more so than anywhere else in the country.

So, the needs and the type of research is a lot different there than it would be in the western forests. I'm not suggesting that either one is more or less important. It's just that it's different.

Mr. BUCKMAN. That's true.

Senator LEAHY. Both the forest products and ownership, and type of forestry, the east is different.

So, please, I will submit that more elaborately for the record, Mr. Chairman. But I just want to let the panel know at this time my concern is premised on the fact that I see it as a different problem. It isn't a competing problem; it is a different problem. And I would be interested in their response.

Senator MCCLURE. Thank you, Senator.

We will anticipate the answer to those questions being submitted, and they will be made a part of the record.

[The information follows:]

OPPORTUNITIES FOR THE EASTERN HARDWOOD FORESTS

About half of the Forest Service research program is conducted in the eastern United States. The research program in the east addresses a variety of problems, but is largely conditioned by the fact that hardwoods make up almost 75 percent of the forests of the eastern United States. Major research opportunities viable in the east include: research to improve the utilization, management, and protection of hardwoods; research on the effects of acid precipitation of forest productivity; research on major insect and disease problems such as gypsy moth, spruce budworm, and southern pine beetles; research on the reclamation of mined lands; research on softwood regeneration in the south; and research on opportunities to enhance wildlife, watershed, and recreation values.

The cooperative programs of State and private foresty are strongest in the east where nonindustrial private forest lands are concentrated. The 20 northeastern States, where hardwoods are most abundant, participate in these programs. Much of the assistance available to landowners in these States through Federal funding in fiscal year 1983 will be applied to management and protection of hardwood forests.

OTHER ALTERNATIVES TO CLOSURES

Senator McClure. Dr. Buckman and Secretary Crowell, why did you select the closure of these locations over other alternatives for a reduction in expenses?

Mr. Buckman. Mr. Chairman, may I elaborate just a little on the preface and the circumstances under which we developed these recommendations?

The 1980 to 1985 RPA program accorded a somewhat higher priority to forestry research, and the budget in 1981 contained some increase. The initial budget in 1982 also had an additional increase.

It has been brought out in testimony here that the request from the Department to the Office of Management and Budget also contained at least a status quo budget. And so our research administrators were anticipating programs that were at a constant or actually slightly increasing level. Consequently, their staffing was held at fairly high levels.

One of the difficulties we have—I suppose an understandable difficulty—is that research programs tend to be fairly heavily salary committed. That is, a great deal of our funds go to the salaries of employees.

Then, with the change in priorities, we made a rather rapid readjustment, which means that the impacts had to be absorbed in a fairly short time.

And as I said, we did a very detailed examination of our research program, research work unit by research work unit—and there are 240 of them—almost position by position. And we have 950 such scientist positions.

It was obvious that if the other 75 or 80 percent of the program was going to be viable and healthy, we had to make some rather drastic changes in the remaining 20 or 25 percent.

I also need to make the point, Mr. Chairman, that, in addition to the 11-percent budget reduction, we have to anticipate inflation, including utility costs and things of that sort that are 6 to 7 percent a year, perhaps even higher.

Senator McClure. You haven't been talking to Stockman lately. It's going to be lower. [Laughter.]

Mr. Buckman. Let us hope so, Mr. Chairman.

In any event, historically, the utility costs, rent, and so forth have been increasing.

And so, in view of this, we anticipated, over a 2-year period, fiscal year 1982 and fiscal year 1983, a need to reduce our programs by about 20 to 25 percent. And in order to keep the remaining programs viable, we made that examination. And the upshot of it was that we simply couldn't keep all the locations open. We had to terminate some research works units and eliminate some positions.

Senator McCLURE. Would you rank these closures in priority order? If you had slightly more money, which labs would you propose closing? And which of the nine might stay open if you had slightly more?

Mr. BUCKMAN. I can, Mr. Chairman.

We would accord high priority to Bend, Oreg. We would also accord high priority to Reno, Nev.

The other seven locations I think might have been proposed for termination as a normal part of doing business.

Senator McCLURE. Would it be fair to say that the other seven, or a portion of the other seven, might have been closed on programmatic grounds?

Mr. BUCKMAN. Yes, sir.

Mr. PETERSON. Mr. Chairman, if I might add just a word to that. As Dr. Buckman indicated, research laboratories and supporting facilities are quite expensive. If we made this reduction across the board and kept all the research labs open, we would have had to probably cut about twice as many scientists and would wreck the entire program. So what we are trying to do is reduce some of the fixed costs associated with the laboratories, particularly a place like Bottineau, N. Dak., that has only four people, I believe, in a fairly large research facility. That's become very expensive.

Senator McCLURE. There are a number of other questions I would have liked to have asked, but unfortunately I've been informed I have to be on the floor at 11 o'clock so I am going to have to cut this short and submit more of the questions than I have intended. There are a couple of areas that I would like to go into, at least in part.

STATE AND PRIVATE FORESTRY

For State and private forestry, your proposed reductions strike us as being quite large. When you talk about the question of how to deal with the cooperative programs, can you give us a rundown of the 1983 pest outlook at this time, if we accept your proposals?

Mr. PETERSON. Let me give you kind of a laymen's rundown. Mr. Chairman, we never know a year ahead exactly what next year's pest outbreaks will be because weather is a major factor. But if we use just the information we have now, we would expect that the gypsy moth will be at its present level or maybe a little bit worse. It may start to collapse someplace and spread in others. We expect the mountain pine beetle to be about its current level. The southern pine beetle is down, although there's an outbreak in Arkansas. We don't know how serious that might be.

But overall, we would expect that 1983 will be very similar to 1982, which means that we would probably have the same kind of general problem we have now.

We can give you a more detailed rundown, if you like, for the record.

Senator McCLURE. If you would, please.

[The information follows:]

POTENTIAL PEST SUPPRESSION IN 1983

Although it is too early to predict 1983 with any degree of certainty, indications are that most of the major pests will need treatment in some parts of their respective ranges.

We expect continuing high populations of gypsy moth and an expansion of the number of States in which control will be required. Likewise budworm populations are expected to remain high in parts of the West and East. An observed increase of southern pine beetle in Arkansas could be an indicator of a pending increase of this pest in the south-central States. There is also evidence of a pending outbreak of Douglas-fir tussock moth in the northwest. Mountain pine beetle will continue to infest both ponderosa and lodgepole pine in the West. We are gaining on the dwarf mistletoe problem, but many stands still need to be treated.

Although forest pest populations are likely to continue at high levels in 1983, we believe that suppression costs on non-Federal lands should be provided primarily from State and private sources. Based on current trends our estimates of total suppression/prevention needs on Federal lands and on State and private lands intermingled with Federal are listed on the following table in order of priority.

PRIORITY RANKING OF PROJECTED FISCAL YEAR 1983 FOREST PEST MANAGEMENT PREVENTION AND SUPPRESSION FUNDING NEEDS DISTRIBUTED BY OWNERSHIP CLASS

Pest	Federal lands[1]	State and private lands intermingled with Federal lands[2]	Total
Douglas-fir tussock moth	$500,000		$500,000
Dwarf mistletoe	600,000		600,000
Spruce budworm (East)	150,000		150,000
Mountain and western pine beetles	350,000	$100,000	450,000
Southern pine beetle	75,000		75,000
Western spruce budworm	2,000,000	375,000	2,375,000
Spruce budworm (East) (lower priority)	140,000	50,000	190,000
Balsam woolly aphid	50,000		50,000
Southern pine beetle		300,000	300,000
Mountain pine beetle (suppression)	2,623,000	260,000	2,883,000
Mountain pine beetle (prevention)	3,674,000	367,000	4,041,000
Spruce beetle	202,000		202,000
Dwarf mistletoe (lower priority)	610,000		610,000
White pine blister rust	130,000		130,000
Western spruce budworm	835,000	84,000	919,000
Gypsy moth	86,000		86,000
Total	12,025,000	1,536,000	13,561,000

[1] One hundred percent Federal funds.

[2] Federal share of cost would be: 25 percent for State and other non-Federal public forest ownerships, 33 and one third percent for private forest ownerships of 500 acres or more, 50 percent for private ownerships less than 500 acres.

GYPSY MOTHS RESEARCH PROGRAM

Senator McCLURE. Mr. Peterson, your forest research program for gypsy moths in 1983 is proposed at $819,000. That compares to what figure for 1982?

Mr. PETERSON. About $200,000 more in 1982 than in 1983.

Senator McCLURE. So there is an increase in research dollars in gypsy moths. On the forest service ranking of insect and disease problems——

Mr. PETERSON. Excuse me, I need to reverse that. 1983 is about $200,000 more than 1982 in gypsy moths.

Senator McCLURE. On the forest service ranking in insect and disease problems, the gypsy moth program is ranked fifth out of 31 on the basis of funding. Is the gypsy moth the fifth most important insect, if the ranking were to be done on economic grounds?

Mr. BUCKMAN. Mr. Chairman, in 1983 the gypsy moth moves up in the priority needs, but the listing of priorities that you have in front of you has been developed over a period of years. In previous years, spruce budworms, the southern pine bark beetle, and the western bark beetles were accorded higher priority. There is a certain ephemeral quality to the way in which insects and diseases behave. We try to reflect this in our priorities, but we can't move as rapidly as the insects do.

Senator McCLURE. Are you saying it's higher than fifth now?

Mr. BUCKMAN. Yes, Mr. Chairman, and despite the budget changes that we've been discussing, we've attempted to move $200,000 additional funds to our gypsy moth in fiscal year 1983.

Senator McCLURE. Why is the gypsy moth ranked so highly for research purposes, while at the same time suppression funds are being significantly reduced?

Mr. PETERSON. Let me see if I can address that.

Senator McCLURE. Do you need to spend more time on research on a problem that you don't propose to treat?

Mr. Peterson. It depends on how much you know about an insect. We put a major effort, for example, into the southern pine beetle and have quite a few answers on the southern pine beetle. The gypsy moth has been around for 100 years, but it has not been as difficult as it has been in recent years. So we're looking to find a better answer, particularly those that individuals can use around their homes. That's where Secretary Crowell indicated some of the major problems are, in patios, backyards, and so on, where you must develop techniques that are not——

Senator McCLURE. What you're telling me, then, is that you're devoting research to solving a political problem, not an economic one.

Mr. PETERSON. I would not say that. The economic question is a difficult one because, as Secretary Crowell says, if you look at future timber production in the United States in terms of an overall economic effect, then the gypsy moth is not a problem. If you're talking about recreation areas, and so on, which I think Senator Rudman was talking about, they are an economic problem.

Senator McCLURE. It reminds me of a statement made earlier on outdoor recreation, that some people get their outdoor recreation by stirring a martini on the back patio. I don't think your answer changed my judgment. What you're doing is devoting money to a political problem and not an economic one, if, as a matter of fact, your reason for research on gypsy moth is to allow the homeowner to protect his domestic shrubbery around his house. That may be legitimate, but that's not a forestry problem, is it?

Mr. PETERSON. Well, we're not talking about shrubbery around his house as much as we are talking about trees which are in people's backyards and in recreation areas. For example, some of the public recreation areas in the Northeast have very significant problems. That's what we're talking about.

Mr. CROWELL. Mr. Chairman, it's also possible that we may be seeing some significant change in the way gypsy moths have been acting. If we continue to have these serious outbreaks, they could become an economic problem for the hardwood stands of the Northeast. I think it's prudent for us to be focusing on research and ways to control them, particularly with some sort of integrated pest management technique rather than spraying. I think it's pretty justifiable that we would be accelerating our research efforts with respect to this pest, which now is a political problem primarily but could become an economic problem in the future.

Senator MCCLURE. I don't necessarily disagree with the research efforts on gypsy moths, but I find the reasoning somewhat tortured.

Mr. CROWELL. While we're not denying that we are, in part, responding to a political problem——

Senator MCCLURE. But you're responding to it on the research program, not the suppression program.

Mr. CROWELL. That's true, because we think we get a much greater return out of research dollars in this field.

Senator MCCLURE. If really what you're doing is responding to the politics, however, people want to see the bugs killed. They don't necessarily want to see scientists studying them.

Mr. CROWELL. If we were responding solely to the politics of it, we would be advocating large funds for suppression.

Senator MCCLURE. The election is this year. [Laughter.]

Had you forgotten? You know, I keep reminding myself that the people down in the administration think of 1984 as though 1982 didn't exist. There are some of my friends in the House and a third of my friends in the Senate who have a much different priority.

Mr. CROWELL. Well, of course, there does need to be a balancing of priorities in connection with any problem of this sort, and one factor admittedly ought to be the politics of it, I suppose.

Senator MCCLURE. Well, if you're going to play politics with this, let's play good politics.

Mr. CROWELL. We think we're playing good politics in the sense that we're willing to play politics at all with it, but your judgment up here may differ from ours downtown.

Senator MCCLURE. Our perspectives are different.

Mr. CROWELL. That's true.

PREPARED STATEMENT

Senator MCCLURE. Mr. Peterson, we haven't given you the opportunity to make your statement and time has run out. It's not been wasted. Your statement will, of course, appear in full in the record.

[The statement follows:]

STATEMENT OF R. MAX PETERSON

I want to thank you for the opportunity of appearing before you today to discuss the Forest Service's 1983 budget. Before getting into a visual display of the budget proposals for 1983, I would like to review the accomplishments of 1981.

1981 Accomplishments

There were many accomplishments in 1981. A total of 236 million recreation visitor-days were recorded on the National Forests in 1981, an increase of two million over 1980. Forty percent (40%) of all recreation visitor-days on Federal land occur on National Forests. The number of mineral leases and permits processed in 1981 was an all-time high -- 25,061: this was 17 percent more than 1980 and 30 percent more than our funded target for 1981. This program returned $125 million to the Treasury in 1981.

We exceeded our timber sale offered target of 11.9 billion board feet by 200 million board feet. This includes 1.1 billion board feet under the salvage sales program. We also met or exceeded targets for fuels management, reforestation and stand improvement, trail construction, range improvements, wildlife habitat improvement, land line location, landowners assisted through the State and Private Forestry programs, and most of our targets in human resource programs. Due to the decline in timber harvest, road construction and reconstruction by timber purchasers was about nine percent less than planned -- 8,709 miles rather than 9,535 miles. We had no other significant shortfalls. A detailed review of the 1981 targets and accomplishments is included in the Fiscal Year 1981 Report of the Forest Service.

1983 Budget

I have brought some charts to provide additional detail and a brief overview of the 1983 budget. With your agreement, I will present this visual display at this time.

I appreciate this opportunity to discuss the 1983 budget with you. I will be glad to answer any questions you might have.

Forest Service

Major Considerations

- Long term demand/supply situation
- Housing starts
- Mineral exploration and development
- Emphasize management of the National Forests
- Greater reliance on state and local governments and the private sector
- Increased receipts to the federal government
- Increased Forest Service efficiency

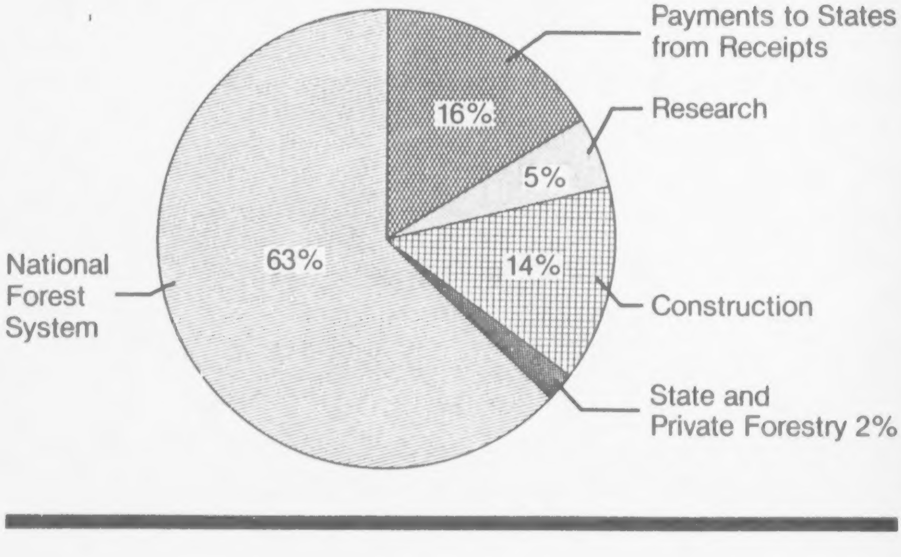
Forest Service

Summary Comparison
($ Millions)

	1982	1983	(Change)
Regular Appropriated	$1,429	$1,494	(+65)
Permanent Appropriated:			
Working Funds	135	150	(+15)
Payments to States	242	342	(+100)
Trust Funds	145	147	(+2)
Total	$1,950	$2,132	(+182)
Work Years (FTE)	44,136	42,385	(-1,751)
Receipts	$1,503	$2,060	(+557)

Forest Service

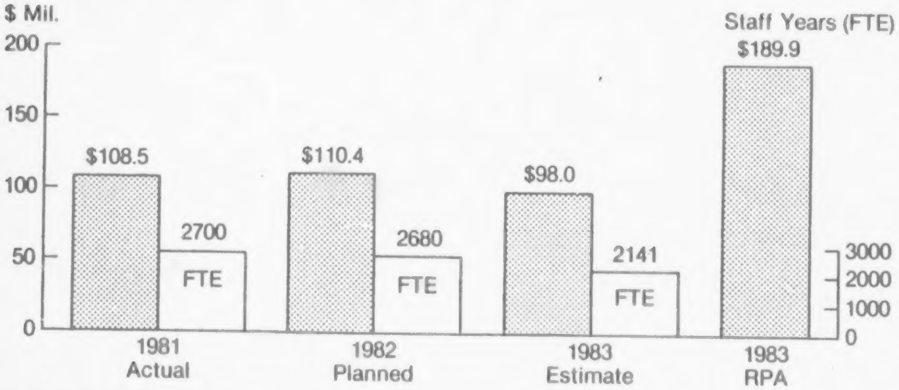
Distribution of 1983 President's Budget



BEST COPY AVAILABLE

Forest Service

Research

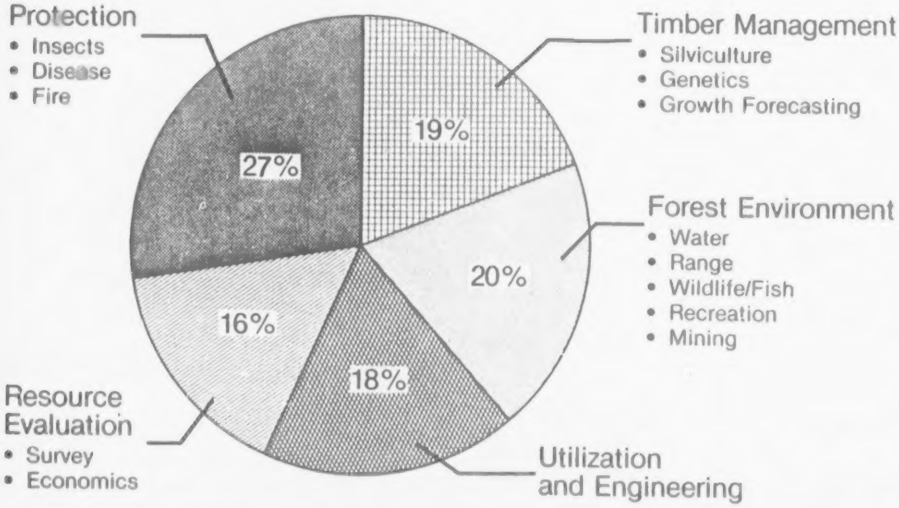


1983 Program Emphasis:

- Timber management and genetics
- Protection of resources
- Acid rain
- Range, recreation and watershed management
- Forest products and engineering
- Forest economics and inventory

Forest Service

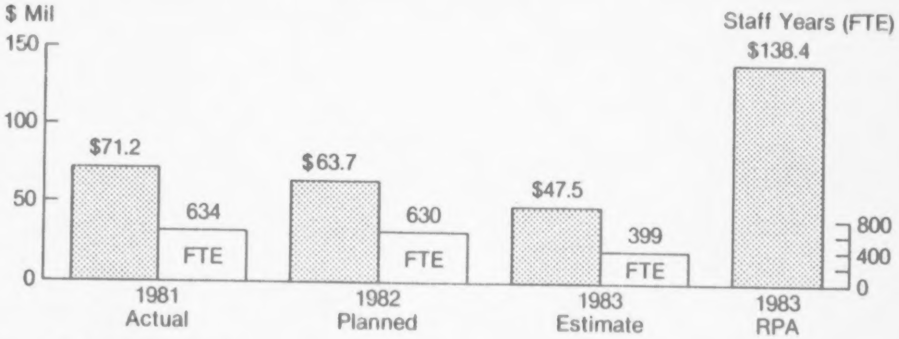
Research Program FY 1983



BEST COPY AVAILABLE

Forest Service

State and Private Forestry

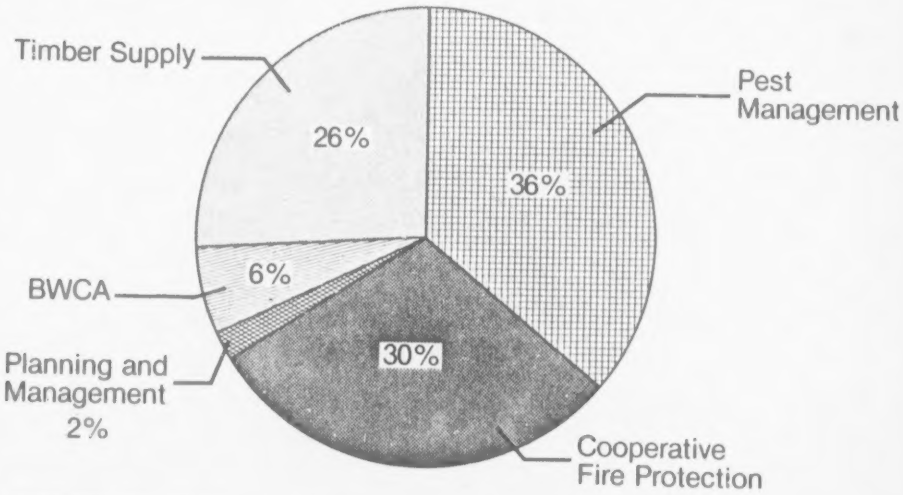


1983 Program Emphasis:

- Rural fire protection and control
- Forest pest management on federal lands
- Planning assistance to states where softwood supplies can be increased and state resource plans will be completed
- Boundary waters canoe area

Forest Service

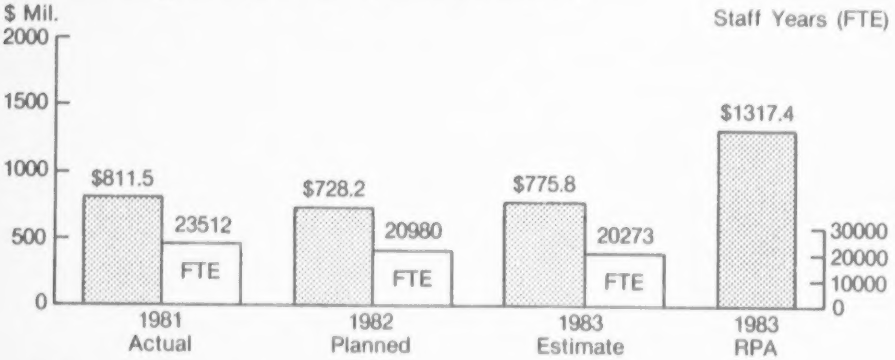
State and Private Forestry FY 1983



BEST COPY AVAILABLE

Forest Service

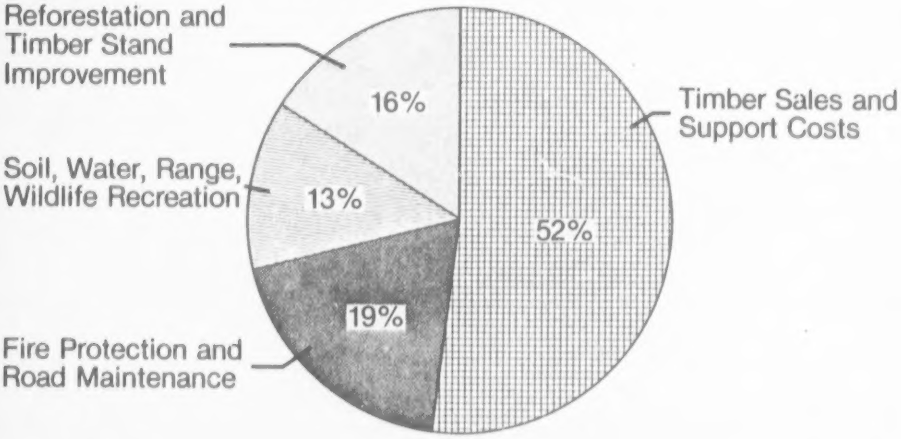
National Forest System (Excluding General Administration)



1983 Program Emphasis:
- Timber sale offerings
- Oil, gas and mineral leases and claims
- Timber and mineral support
- Reforestation and the backlog
- Recreation management

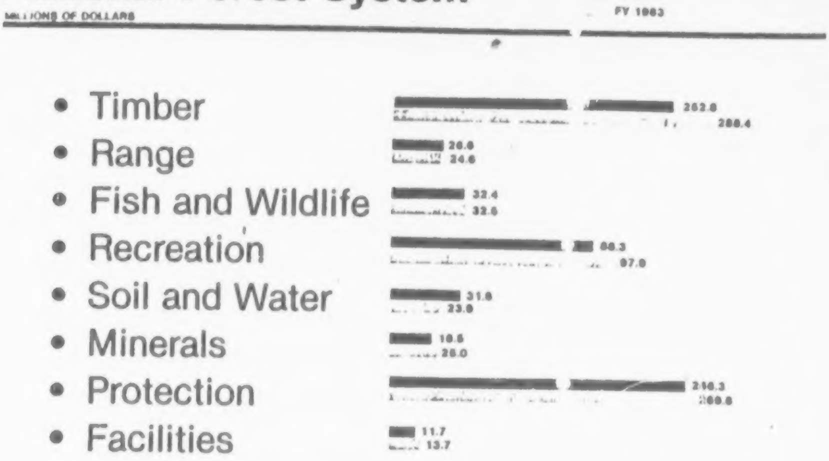
Forest Service

National Forest System FY 1983 (Excluding GA)



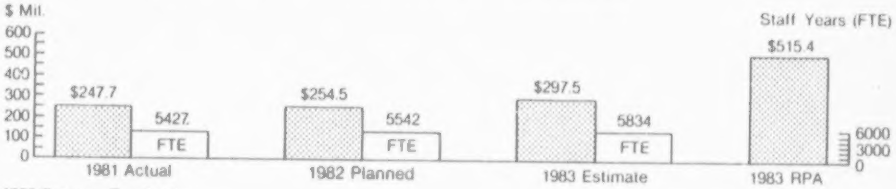
BEST COPY AVAILABLE

National Forest System



Forest Service

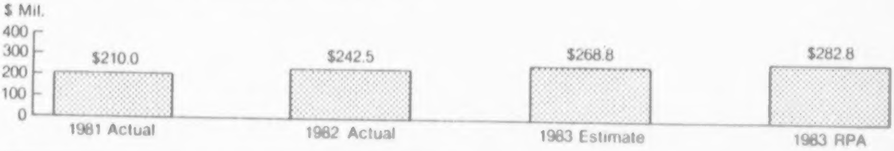
Construction
(Excluding Timber Purchaser Credits)



1983 Program Emphasis:

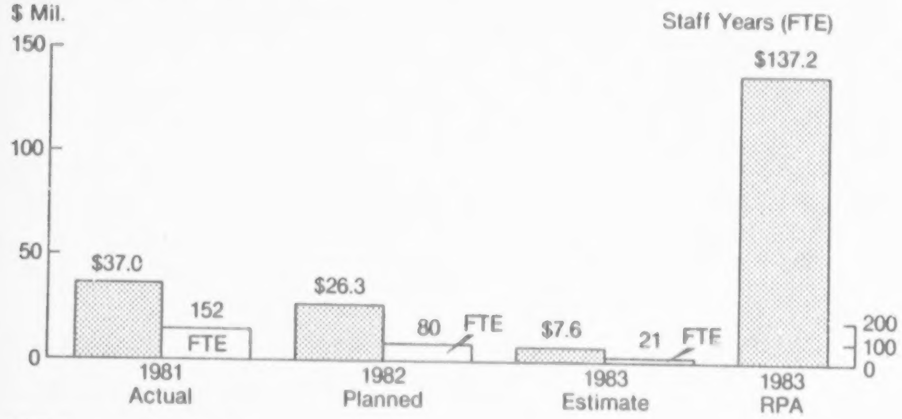
- Timber sale access
- Critical support facilities, particularly health and safety hazards

Timber Purchaser Credits



Forest Service

Land Acquisition

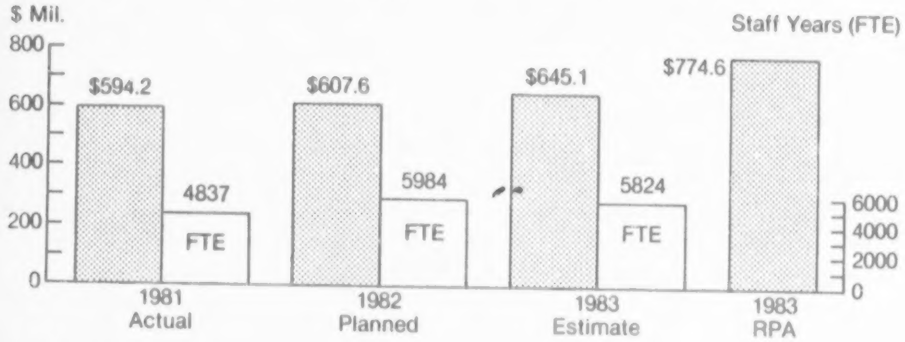


1983 Program Emphasis:

- Closing existing LWCF cases
- Provide for pending court deficiency awards

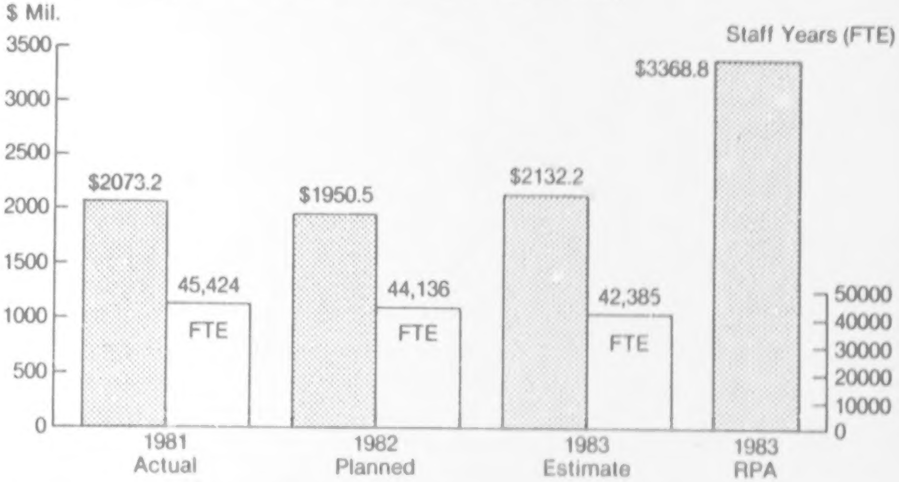
Forest Service

Permanent, Trust Funds and Other



1983 Program Emphasis:

- Brush disposal related to timber sales
- Timber purchaser roads constructed by the forest service
- Tongass timber supply fund
- Payments to states from receipts
- KV reforestation and timber stand improvement



Forest Service

Total

(Excluding Timber Purchaser Credits)

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. I regret the fact that the schedule on the floor has interefered with our hearing this morning, but that's something over which I have no control.

There are a number of questions which I will be submitting. I understand that Senator Stevens, for similar reasons, was unable to be here this morning, but he has a number of questions to submit as well.

We hope you can respond to those questions promptly so the record can be made complete and so we can take action on those answers.

Mr. CROWELL. We'll make every effort to do so.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Western Timber Industry

Question: The combination of increased Forest Service timber sales in the West and a revision of regulations regarding timber sales will depress price of timber to low levels. I am concerned that this will allow western industries to purchase timber at the depressed price, to the disadvantage of eastern timber industries. Won't this action also serve to "bail out" the western operators from their over-speculative bidding practices in the past at the expense of all taxpayers?

Answer: We do not believe that either the increase in volume to be sold in FY 1983 or the changes in timber sale procedures will depress prices to the disadvantage of the eastern timber industry. Since the revised sale procedures apply only to new sales, they will not help the western operators involved in speculative bidding practices in the past.

Bid rates for national forest timber along the west coast have been bid to artificially high levels in the last few years. A number of factors have contributed to the unrealistic bidding: a declining supply of timber from private lands, uncertainty over the reliability of the Federal Government as a timber supplier, and price trends for lumber and plywood which out run the high inflation rate in the economy. National forest timber sale procedures which evolved during a long period of relatively low competition and stable prices proved unable to cope with the inflationary pressures.

The changes in sale procedures are designed to encourage bidders to base their prices on near-term market conditions rather then encouraging speculation on the possibility of inflated prices far out in the future. The changes are designed to discourage the acquisition of excessive volumes of timber under contract. They are designed to discourage irresponsible bidders.

We do not expect that west coast timber will be low priced in relation to eastern timber. West coast timber is of high value. The dependent industry is highly competitive. We expect that spirited bidding will continue on volumes to be sold. We believe, however, that the inflation premium, which has kept the timber from many sales off the market, will be greatly reduced in future timber sales.

Eastern Forests

Question: Please detail which programs were funded in FY 1981 and FY 1982 but will be reduced or eliminated in FY 1983 that address the particular needs of the eastern forests. These needs include: utilization of small diameter trees and hardwoods, technical assistance to private landowners, management of small, nonindustrial private woodlots, insects, and diseases inventorying and energy use. I am interested in any of these activities under the National Forest System, Research, and State and Private Forestry. What are the reasons for these reductions? Have there been any increases in these areas for FY 1983?

Answer:

Research

An intitiative to accelerate research on management and utilization of the eastern hardwood forest was funded in FY 1981 at $3.8 million. This increase was allocated to Timber Management Research, Forest Products Utilization Research, and Forest Resource Evaluation and Economics Units at the North Central, Northeastern, Southeastern, and Southern Forest Experiment Stations. About 10 percent of the increase was used to support extramural research. Funding for FY 1982 remained the same as FY 1981.

In developing the FY 1983 budget the Forest Service conducted a thorough examination of the entire research program. We evaluated each research project against a set of criteria. The criteria used to make project selections included: (1) relationship to mission/goals of USDA and the Forest Service; (2) importance and timeliness of research; (3) impact of research; (4) quality/productivity of research; (5) personnel, funding and cost of operations; and (6) status of research (essentially completed, nearing completion, can be postponed). From that analysis, we established priorities for the research program which we believe to be most relevant and cost effective.

As a result of this priority setting process, research on management and utlization of eastern hardwoods is being delayed, but not discontinued. Approximately the same proportion of the FY 1983 research budget will be used for hardwoods as was the case for the last two years.

State and Private Forestry

Reductions were made in many of the State & Private Forestry programs in order to reduce Federal spending and place greater reliance on States, local governments, and the private sector to provide protection and improved management of privately owned forest lands.

Private landowners have been given major economic incentives to engage in forest management by Public Law 96-451 which provides for tax credits and depreciation of reforestation costs. In addition, the Economic Recovery Tax Act of 1981 reduces income and inheritance taxes which would provide additional incentives for private forest landowners.

In line with this direction, funding was reduced for the Rural Forestry Assistance and the Forest Pest Management programs. A major change is that the Federal Government will no longer share in the cost of suppressing forest insects and diseases except for State and private lands intermingled with Federal land.

The Cooperative Fire Protection program is increased slightly in FY 1983 to permit States to determine the economic efficiency of their programs.

National Forest System

The following table compares major timber programs between fiscal years 1982 and 1983 for the two eastern regions. Similar changes are proposed in all regions.

Program	FY 1982	FY 1983	Percent Change
Reforestation			
Acres	82,800	72,500	-12
$1,000	21,070	15,770	-25
Timber Stand Improvement			
Acres	65,900	52,000	-21
$1,000	8,300	6,335	-24
Timber Sales Program			
Million board feet	1,770	1,993	+13
$1,000	27,849	32,145	+15

Proposed program levels in reforestation and stand improvement are the result of reductions for all regions. Original regional proposals have also declined reflecting the near-completion of the backlog of work in those areas. Timber sale offerings remain high increasing by 13 percent between fiscal years 1982 and 1983.

Public Law 96-451

Question: Assistant Secretary Crowell testified before the Subcommittee that ". . .while not displayed in the Forest Service budget, private landowners have been given major economic incentives to engage in forest management by Public Law 96-451 which provides for tax credits and depreciation of reforestation costs. In addition, the Economic Recovery Tax Act of 1981 reduces income and inheritance taxes which would provide additional incentives for private forest landowners." The incentives which are mentioned promote reforestation, but what incentives actually promote good management?

Answer: The foremost incentive for good forest management on private lands is the prospect of making a profit. Economic opportunities for intensified management practices exist on 124 million acres of nonindustrial private forest land. A major portion of these opportunities involve reforestation, especially pine regeneration in the South. Landowners need to practice good forest management that will provide the best returns on their investments. Technical assistance is provided to landowners by State forestry agencies, private consultants, and industry foresters, to encourage greater production of forest resources from private lands.

Question: In Vermont, the problem is not encouraging private landowners to reseed or reforest, but to manage their woodlots for increased productivity and a higher quality timber. What will be the effect if State and Private Forestry programs, which do encourage better management and thus higher yields, are reduced 25 percent?

Answer: The State and Private Forestry programs are cooperative efforts wherein the Forest Service and State forestry agencies share in promoting improved management and protection of nonindustrial private forests. The intent of Federal budget reductions for these programs in fiscal year 1983 that State and local governments and private interests will assume greater responsibility for forest management on private lands.

Short-term Research

Question: During the hearing Assistant Secretary Crowell testified on the need for the Forest Service research to be more directed at short-term applied research. Would you give the rationale for this approach to research when the stated policy of Secretary Block and OMB is one of federal support for basic, long-term research?

Answer: The Secretary of Agriculture supports fundamental research related to the biological and physical properties and processes underlying the development, production, and use of natural and man-made resources for food, fiber, and forest products. Long-term applied research is also supported where the benefits cannot be expected to be captured through the market place by private businesses. Research that promotes the efficient and effective management and conservation of resources entrusted to the U.S. Government is considered to be of high priority.

In the case of timber, over 50% of the existing standing softwood sawtimber is located on the national forest which is becoming more important in meeting the Nation's future timber needs. The harvesting of old-growth timber along with the development of the minerals and other valuable resources in the national forests over the next 10-20 years places a higher priority on short-term applied research. Even with this emphasis, the Forest Service will continue to do a considerable amount of high priority basic research and long-term applied research.

Forestry Research

Question: The Secretary of Agriculture has frequently voiced a philosophy and support for science and education and its importance to the long-term maintenance of productive efficiency of the agri-business sector. The FY 1983 budget for science and education in forestry does not demonstrate such support for the forestry sector. Does this philosophy apply to the forest industry sector?

Answer: The budget for forestry research resulted from an effort to compare the returns from a variety of investment opportunities presented by Forest Service programs. The research budget of $98 million is optimal given the objective of reducing Federal spending and and other priorities. The Forest Service will still have the largest forestry research organization in the world.

Question: If this philosophy applies to the forest industry sector, why the budget reduction for forestry research both in the Forest Service budget and in the Science and Education budget of the Department of Agriculture?

Answer: The Forest Service and Science and Education budget for forestry research in the Department of Agriculture was reduced after critically examining research priorities and potential cost/benefits of research program in relation to the need to intensify management of the National Forests.

Investments in research are being deferred with greater reliance on the large volume of standing timber on national forests and on existing technology for an adequate supply of wood products in the foreseeable future. Since many forest research projects do not result in economic benefits for an extended period of time, public investments in timber, minerals and other revenue generating programs have higher immediate payoffs.

Question: We have been told and have read that science is a cost effective way in which to increase the supply of goods and services from our forest resources. If this is true, why is there a decrease in the research budget, rather than an increase? If this is not true, could you provide evidence of the ineffectiveness of forestry research?

Answer: It is not the case of the ineffectiveness of research because new technology based on science can be a cost-effective way to increase the supply of goods and services from forestry. However, new forestry technology is not needed to provide an adequate supply of wood products in the near future. Therefore, research investments can be deferred until economic conditions improve.

State and Private Forestry

Question: The proposed FY 1983 budget makes significant cuts in the programs of State and Private Forestry which will surely impact negatively upon the advancement of forestry on the vast number of small, private, non-industrial ownerships. How can this be reconciled with the projected future supply and demand for forest products?

Answer: With 58 percent of the Nation's commercial forest land in nonindustrial private ownerships, these lands are important to supplies of renewable natural resources. Of the 284 million acres of nonindustrial private forest lands, 124 million contain economic opportunities for intensified management practices.

Private landowners have been given economic incentives for forest management by Public Law 96-451 which provides for tax credits and depreciation of reforestation costs. Also, the Economic Recovery

Tax Act of 1981 reduces income and inheritance taxes which should provide additional incentives for investment. With the President's economic recovery program to reduce federal spending, greater reliance will be placed on the States, local governments, and the private sector to improve protection and management of private forest lands.

Research Projects and Facilities

Question: The FY 1983 budget proposed the termination of a number of research projects and a reduction in personnel. In Vermont this will reduce the number of scientists at the Burlington location and the termination of the research project on maple sap production. Are there any plans for the use of these facilities or for the initiation of other important research projects? If so, what are the plans?

Answer: Two research work units--Sugar maple timber and sap-sugar production, and Maple syrup products marketing and wood energy research--are located at the Aiken Sugar Maple Laboratory in Burlington. Only the first unit will be terminated. A portion of the research formerly conducted by the unit will be conducted at Burlington, some will be transferred to Durham, New Hampshire, and some will be closed. A new research work unit is proposed for the Aiken laboratory in Burlington, Vermont, to address the physiological effects of acid rain on forest vegetation.

Forest Pest Management

Question: It has been stated ". . . certain insect and disease pests that do not cause substantial economic damage" will have associated Forest Service programs reduced or eliminated. Does this refer only to damage to timber values?

Answer: Insect and disease pests that cause substantial economic losses to the timber resource are given the highest priority in the budget request to Congress. However, resource values are considered and may provide additional justification for pest management activities.

Question: Does this include economic damage suffered by the tourism industry which suffers economicaly due to leaf defoliation of large areas in the northeast by a number of different insects?

Answer: Economic impacts on the tourism industry due to leaf defoliating insect infestations in the Northeast is not given as high a priority as damage to the timber resource. The policy is to give highest priority to protecting federal lands. We expect State and local governments and private interest to increase their activities in suppression of chronic pests on non-federal lands.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

Proposed Regulations For Land Management Planning

In February, the Forest Service published in the Federal Register proposed regulations to guide land and resources management planning in the National Forest System. According to Forest Service statements before the House Agriculture subcommittee on Forest, Family Farms, and Energy, these proposed rules are a "streamlined" version of the existing planning regulations adopted by the Forest Service, under the National Forest Management Act of 1976.

Question: The existing rules were adopted in September, 1979. Why is the Forest Service revising the rules so soon after barely having time to adjust to the new regulations?

Answer: The existing planning regulations for the 190 million acre National Forest System were adopted by the Secretary in September 1979. President Reagan's Task Force on Regulatory Relief identified the National Forest Management Act (NFMA) regulations as among those to be reviewed for possible modification in an effort to simplify government regulations. As a result of this review, the Secretary has proposed changes in the 1979 regulations to streamline the land management planning process. The proposed revisions were published in the Federal Register Volume 46, No. 35 on February 22, 1982, with a 60-day public comment period.

The proposed regulations reflect experience gained in implementing the 1979 regulations. We identified several areas where the planning process could be improved. The revisions proposed will clarify and simplify planning procedures and thereby improve planning efficiency. There is no intent to significantly change what is now being accomplished on-the-ground. Basically, the revisions reduce the complexity, jargon, and redundancy in the 1979 regulations.

Departure From Sustained Yield Concept

Question: Some environmental organizations have criticized the Forest Service for attempting to turn away from the sustained yield concept under the original Act by the implementation of these new guidelines. Would you care to comment on that allegation?

Answer: Both the law and the planning regulations require multiple use and sustained yield. Both the law and the regulations permit departures from what is called "non-declining yield." Contrary to claims in the "indictment", non-declining yield is not the same as sustained yield. Non-declining yield is a very rigid principle under which there can be no planned reductions in timber sales over the entire planning horizon (which may extend over two hundred years).

In contrast, sustained yield is defined by law as "the achievement and maintenance in perpetuity of a high-level annual or regular periodic output of the various renewable resources without impairment of the productivity of the land" (16 U.S.C. 531). In other words, while sustained yield provides flexibility for some fluctuations in harvest, non-declining yield does not. Congress recognized the significant difference between sustained yield and non-declining yield when in the National Forest Management Act of 1976, it provided for departures from non-declining yield.

Departures must be consistent with, and better achieve, the overall multiple use, sustained yield objectives on a forest. All the proposed planning regulations would do is require that departures be evaluated if there is reason to expect that overall public benefits might be enhanced. The regulations provide only that departures from non-declining yield be considered, not that they be adopted.

Management of Old-Growth Stands

Question: Assistant Secretary Crowell has commented that the Forest Service should examine ways to speed up the liquidation of old growth timber. This would fly directly in the face of the original Act and would play havoc in the management of some old growth stands for wildlife. Would you please comment on this?

Answer: The nation is increasingly dependent upon National Forest timber for wood supplies and will remain so for decades. Eighteen percent of the nation's commercial timberland base is in the national forests (excluding areas not available by law for timber harvesting), but fully one-half of the nation's current softwood sawtimber inventory stands on that National Forest system land. Much of the national forest timber inventory is old growth timber which is deteriorating and should soon be harvested if it is not to be lost.

The rate of harvest of old growth stands will be determined through the Forest Planning Process which considers all multiple use values. Wildlife values will be appropriately integrated into the plan to assure that the management of old growth does not play havoc with wildlife needs.

Circumvention of Public Participation

Question: One other statement that has been made by certain environmental organizations is that the Forest Service is attempting to circumvent the public participation process by implementing these new guidelines. Would you comment here please?

Answer: There is a serious misinterpretation of proposed Section 219.6 with respect to public participation in the planning process. A full and open public participation process remains possible under the proposed revisions. The regulations implicitly state public participation is to be encouraged throughout the planning process. In addition, the Forest Service is guided by the requirements of the manual on public participation (FSM 1600) and the NEPA guidelines. It is true that a great deal of language was deleted in the new version, but much of the deleted material was redundant, unnecessary or the concept was covered elsewhere and in National Environmental Protection/Council on Environmental Quality guidelines.

There have been accusations that the proposed Section 219.6 (d) (quoted below) would allow the Forest Service to withhold information from the public. This section was written to explicitly allow certain work in development stages to proceed efficiently without major disruption. Based on experience gained during implementation of the 1979 regulations, the Interdisciplinary Team must be able to proceed with the planning process without continual disruption. Section 219.6(d) permits most requests to be honored with respect to informal completed planning documents and requests permitted under the Freedom of Information Act must also be honored.

> Section 219.6(d)- Requests by the public to discuss the progress of the planning or to review informal planning documents shall normally be honored. The responsible line officer may deny part or all of a request if complying with the request would unreasonably burden, inhibit or interfere with the planning or decisionmaking process, and if that denial is permitted under the Freedom of Information Act.

The Forest Service is now evaluating public comment on the proposed changes. Although there has been no weakening of the public participation provisions, it is evident from the comments that the changes are not perceived in that manner. Therefore, the revisions will be strengthened to convey the proper interpretation.

General

Question: In the Chief's chart presentation outlining "Major Considerations" during Forest Service budget and policy, I note that 6 or 7 considerations emphasize management for the productive capacity of our national forests. While the proposed Forest Service budget for FY '83 is in apparent accord with those priorities, I fear that such emphasis on short-term productivity goals neglect not only future considerations of availability of national forest resources, but fail to consider the role of the Federal Government in managing those lands for protective purposes as well. Please comment.

Answer: A strong committment has been made to conservation principles. Resources on National Forest System lands will continue to be used wisely to meet public needs. It is a basic principle that the productivity of the land will be protected in all Forest Service programs. We are also placing greater emphasis on the compatibility among resource uses such as timber, recreation, fish, and wildlife. For example, land management activites will fully integrate fish and wildlife needs with other resources and provide for or mitigate effects on habitat requirements. We are also dedicated to the principle that there must be a careful consideration of the environmental, economic, and social impacts of Forest Service resource management activities, as part of the planning and decisionmaking process.

Research

I am particularly concerned about significant reductions proposed in forestry research efforts by the Forest Service in fiscal year 1983. I believe such reductions reflect an unwise, shortsighted approach to management of these critical resources. Included in the 11% reduction (FY '83 over "82) is the elimination of two Oregon-based research sites: the Oregon Range and Related Evaluation Project (EVAL), and the Bend, Oregon Silviculture Laboratory.

Question: Please outline the potential impact of closure of these stations on the research efforts of the Forest Service. What research projects/programs/activities will be lost or curtailed if these closures are approved by the Committee?

Answer: The President's Budget is targeted to achieve a reduction in Federal spending and employment, and controlling inflation. Some difficult choices were made to delay long-term investments while maintaining those research programs that contribute directly to increasing resource productivity and protecting the resource base.

The current research program at the Bend Silviculture Laboratory includes silviculture and management of ponderosa pine, lodgepole pine, and mixed conifer forests; silvicultural control of mountain pine beetle; and use of prescribed fire. Of these, only work on silviculture of ponderosa and lodgepole pine will be terminated. Research on these two species has been conducted at Bend for several decades and major state-of-knowledge publications are either available or in preparation. Remaining funds will be shifted into higher priority research on the silviculture of upper-slope mixed conifer forests now being logged. This research will be conducted at another eastside location. Likewise, research on prescribed burning and mountain pine beetle will be transferred to another location.

Because of the changing Federal role in forest research, funding for the Range Evaluation Project was reduced and the decision was made to:

(1) continue the data collection-evaluation phase of the project at the base-level (monitor 6 rather than 18 outputs) in FY 1982, and to phase-out the data collection-evaluation program in FY 1983,

(2) integrate what has been accomplished in terms of management strategies and coordinated resource planning into the regular Forest Service operations,

(3) proceed as rapidly as possible to phase in the emerging high priority research needs identified by the Blue Mountain Resources Council Task Force and eastside research clients such as resolving livestock-wildlife-fisheries conflicts through improved management of riparian and associated areas and determination if or to what extent of wildlife species are dependent upon high value old growth Douglas fir stands.

Question: Were cost/benefit analyses performed of closure of 9 research stations and 35 research work stations? Please provide the results of such studies and the criteria used.

Answer: All Forest Service research programs were examined in relation to six criteria: (1) relationship to mission/goals of USDA and the Forest Service; (2) importance and timeliness of research; (3) impact of research; (4) quality/productivity of research; (5) personnel, funding and cost of operations; and (6) status of research (essentially completed, nearing completion, can be postponed). Based upon this examination, nine locations were selected for closure and 35 research work units for termination. Explicit cost/benefit analyses were not perfomed for the proposed location closures and research work unit terminations, however, an estimate of annual savings resulting from each closure was made. Most of the 9 facilities would be closed on programmatic grounds even if research were better funded. Also, the facilities proposed for termination are generally small with high overhead costs.

An analysis of the staff implications shows that only about 10 percent of the positions being abolished are at the terminated facilities with perhaps an additional 10 percent in the terminated research work unit at other facilities. Most of the staff reductions would occur at continuing research work units at continuing facilities.

Question: Given the recent RPA goals which recommend an increased effort aimed at research, I would assume the 11% reduction for forest research was based on budgetary, rather than programmatic grounds. Please comment.

Answer: The 1983 RPA level was not the requested program and budget level for fiscal year 1983. The RPA level reflects the optimum desired program level which was projected for fiscal years 1981 to 1985. The need to control inflation and hold down government spending and employment were considered in arriving at the 1983 President's budget for research. A higher priority was given to those programs which contributed to economy recovery, increase resource productivity and increase receipts to the U.S. Treasury. More reliance will be placed on the large volume of standing timber on National Forests and on existing technology for an adequate supply of wood products in the forseeable future. Many forest research projects were lower priority because they did not result in economic benefits for an extended period of time, and could be delayed.

Question: If Congress was to maintain the FY 1982 program for the silviculture laboratory, what funding and personnel levels would be required? And for the EVAL work station?

Answer: The President's Budget is designed to achieve the overall goal of economic recovery and to fund only the highest priority work. Any increases in the budget is counter to this vital national objective. The FY 1983 research budget reflects the overall priorities of the Administration and includes the most cost effective research opportunities. However, if Congress decides to fund this work, a budget of $250,000 and four positions would be needed at the Bend Silviculture Laboratory to continue research on the effects and use of prescribed fire and monitoring of long-term silvicultural studies on ponderosa and lodgepole pines.

Funding to maintain a minimum level (monitor six outputs rather than 18) Oregon Evaluation program for 1983 is $950,000 (Research $542,000, State and Private Forestry $190,000 and National Forest System ($236,000) and six positions.

Question: It is my understanding that EVAL, now in its sixth year, has expended some $10 million, with $4 million required to finish the natural resource management project. Is this correct? What progress has been made on the project? What elements remain? What level of financial contribution has been made by private industry? Please list figures, if available, since the inception of EVAL.

Answer: Yes the figures mentioned are essentially correct.

Although the project cannot be completed as originally planned, many positive benefits have resulted from it. These benefits include 21 Coordinated Resource Management Plans, $1.8 million worth of range improvements constructed on 338,000 acres of NFS and private lands, over 5,000 acres of timberland thinned, and a positive example of what state of the art range management practices can accomplish. Forest management practices installed on non-industrial private lands are excellent demonstrations that serve as a motivating factor to encourage other landowners to undertake similar prescriptions. We will continue to build improved range and forest management programs on the National Forests based on the results observed in the Project.

The monitoring element will remain uncompleted. This element includes assessment of the response of six resource outputs to various management strategies and synthesis of findings into management guidelines.

Our only estimate of the financial contribution made by private industry to Oregon EVAL is their 25 percent contribution to cost-share long-term-agreements. By the end of FY 1983, private industry will have directly contributed a total of $168,000 to support cost-shared range improvements.

Question: Is it not correct that EVAL is the only research project of the Forest Service which simultaneously evaluates ecological, environmental, social and economic consequences of natural resource management practices on wild lands? What economic impact will the elimination of EVAL have on that region?

Answer: The Oregon EVAL project is perhaps the most comprehensive and coordinated program initiated by Forest Service Research, National Forest System, and State and Private Forestry to simultaneously evaluate the economic, environmental, social, and ecological consequences of natural resource management strategies. Phasing-out the EVAL project should have little to no impact on the regional economy since all of the planned range improvements and improved managment strategies for both public and private land have been established. Benefits which accrue as a result of the improvements will return to the landowner regardless of the status of the EVAL projects.

FIR Project

Question: Please describe the focus of the FIR research program for Southwest Oregon. What economic impact will this research have on the economy of that region? How will it increase productivity of that region's forest?

Answer: The Forestry Intensified Research (FIR) Program is a 10 year effort divided into two integrated phases: The Adaptive Research and Information Transfer Phase, and the Fundamental Research Phase. The adaptive phase is designed to adapt and transfer existing and new technology in reforestation, brushfield reclamation, growth and yield, road location, construction, and maintenance on problem sites in southwestern Oregon. The fundamental phase is designed to develop new technology in reforestation, site classification, intensive stand culture, genetic improvement of forest trees, and economic management guidelines for southwestern Oregon.

Completion of the program would return more than 177,000 acres of federal lands to the timber base with a potential annual timber sales value of $50 million. Implementation of new technology to convert 429,000 acres of brushfields in forest industry ownership to softwood forests could add an additional estimated $72.6 million in annual timber sales value, which would have significant benefits on the economy and on employment in a region highly dependent on the timber industry. It is estimated that brushfield conversion could add 55 million cubic feet of softwood timber annually and application of intensive cultural practices in appropriate sites throughout southwestern Oregon could increase stand growth by one-third or more.

Question: What progress has been made on the FIR program for Southwest Oregon? a) by Forest Service scientists; and, b) by Oregon State University scientists. List the outputs for each organization.

Answer: The adaptive phase of FIR completed its third year of technology transfer in 1981. Specialists from Oregon State University initiated three studies and held five workshops on reforestation problems for 410 foresters and landowners in southwest Oregon. These specialists also completed and published results from four studies, prepared three general interest articles, and produced a quarterly newsletter reaching about 900 land managers.

The fundamental phase completed its second year in 1981. Scientists from the Forest Service, Fish and Wildlife Service, and four universities, initiated 36 long-term studies on problems in reforestation, site classification, young stand management, tree improvement, and growth prediction. Of these, the Forest Service is responsible for 24 studies and is working cooperatively with the four universities on six additional studies. The remaining six studies are the responsibility of Oregon State University. During 1981, fundamental FIR scientists from the Forest Service authorized 11 publications and made three presentations of research findings at meetings. Oregon State University scientists published eight papers and made 12 presentations.

Results from one study suggest that improved selection of nursery stock can result in more successful reforestation on thousands of acres of hard-to-reforest sites. Bureau of Land Management foresters have begun to use these findings to harvest 14 million board feet per year in areas previously withdrawn from the timber base due to reforestation failure.

Question: Congress provided $1.2 million for fundamental FIR research in FY '80, $1.2 million in FY '81 and $2.2 million in FY '82. For each fiscal year how much was allocated to Forest Service projects, how much to Oregon State University, and how much to other universities?

Answer: Because of the urgency of the problems to be addressed, Congress provided this funding in FY 1980 with an appropriation of $1.2 million from the USDI Bureau of Land Management. No new funds were provided in FY 1981; however the Forest Service was directed to spend $1.2 million on the FIR program within existing funds. Forest Service accomplished this while maintaining the Oregon State University share at the FY 1981 level. In FY 1982, $1 million of new funds were again appropriated for FIR from the Bureau of Land Management. Congress also directed the Forest Service to spend $1.2 million within available funds. These values were eventually reduced by 4 percent in the final Appropriations Act.

The distribution of funds to the Forest Service, Oregon State University, and other cooperators was as follows:

Fiscal Year	Forest Service	Oregon State University a/	Other Universities	Total new appropriated funding
1980 b/	$348,000	$580,000	$142,000	$1,200,000
1981	657,000	543,000	0	1,200,000
1982	158,000	802,000	0	960,000

a/ Includes direct grants and cooperative research grants of $80,000 in FY 1980; $43,000 in FY 1981; and $52,000 in FY 1983.

b/ $130,000 was carried over from FY 1980 to FY 1981 and included the FY 1981 grant to Oregon State University.

Question: The FIR research effort was originally conceived as a program which was to be shared equally between the Forest Service and Oregon State University research organizations. That concept is apparent in FY '80 and FY '81 funding. Does the reduced percentage share of funds allocated to Oregon State University in FY '82 reflect your view of the relative productivity or relevance of the university research? If not, why has their research been reduced disproportionately?

Answer: The original grant for FY 1980 was for the Forest Service and Oregon State University to equally share in any new appropriations outside of base funding. An equal split was made in the $1.2 million appropriated from the Bureau of Land Management in FY 1980. For FY 1982, the next year that an increment of new money was provided, the Oregon State University share was increased from 50 percent to more than 75 percent. Thus, Oregon State has not received a reduced percentage of new funding.

Question: What resources have you allocated for FIR research in FY '83? How do you allocate those funds between Forest Service and university research organizations?

Answer: The proposed allocation for fundamental FIR research for FY 1983 would be: $950,000 from the Forest Service within existing funds and $1,000,000 from the Bureau of Land Management. The proposed reduction the Forest Service budget for FIR in FY 1983 [illegible] in line with overall reductions in Trees and Timber Management Research which funds most of the FIR program. A portion of the Forest Service base funds will be used for cooperative research at appropriate universities, including Oregon State. The $1.0 million from the Bureau of Land Management would be split as in FY 1982, 25 percent Forest Service and 75 percent Oregon State University. A portion of the Forest Service new funding would be used to support extramural research.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Tongass Timber Supply Fund

Question: Section 705 of the Alaska Lands Bill requires that not less than $40 million be expended annually to ensure up to 4.5 billion board feet are cut over the next decade in the Tongass National forest. Recognizing that this funding is clearly needed in light of the vasts amounts of land designated wilderness in the Tongass National forest, would you please provide a detailed breakdown of how that funding will be utilized.

Answer: The following table displays the breakdown of funding:

Tongass Timber Supply Fund
Fiscal Year 1983
(Dollars in Thousands)

Timber Sales Preparation 1/	$ 7,410	475 mmbf
Timber Sales Administration	2,870	
Timber Support	2,270	
Reforestation	1,625	1382 acre
Timber Stand Improvement (TSI)	2,883	8650 acre
Facilities Construction	4,879	
Road Construction	11,952	56.8 mile
Engineering Support	10,371	
Research	1,700	
Total, Tongass Timber Supply Fund	45,960	
Purchaser Road Construction	(22,881)	160.5 mile
Reforestation/TSI (K-V)	406	455/Ref. acre
GRAND TOTAL	$46,366	

1/ Includes Timber Management Planning and Silvicultural Examinations.

Personnel Information

Question: On recent trips to the southeast, I have observed a great number of Forest Service personnel and their families designated for "environmental studies" and biological data collection. Would you please give me an assessment of the number of personnel employed for these purposes.

Answer: At this time 53 percent of our employees are assigned to support the timber sale program in the Alaska Region. This includes such activities as planning, preparing, and administering the program to make available 450 million board feet on the Tongass National Forest. Included are 331 million board feet for the long term sale as well as 80 million board feet for the Small Business Administration program. In the course of this work these individuals are involved at times in "environmental studies" and biological data collection. Such work is necessary to provide the needed resource information for sound land management and to comply with the provisions of various Federal statutes such as NEPA, NFMA, the Clean Air Act, Coastal Zone Management Act, Antiquities Act, National Historic Preservation Act and State statutes regarding tideland permits, etc.

An additional 21 percent of our employees are assigned to other resource activities such as recreation (including tourims) and wildlife and fisheries. Habitat improvement for moose is an example. Our fisheries enhancement projects, in cooperation with the State of Alaska, produce a substantial contribution to the total catch in Alaska. As with the timber resource specialist, some of these individuals also become involved at times in environmental studies and data collection.

The remaining 26 percent of Alaska employees are assigned to administrative support of our land management activities.

Question: What portion of your total personnel is devoted to research?

Answer: Of a total 42,385 full time equivalents staff years, 2,141 are research personnel.

Question: Please provide a detailed breakdown of your total number of Forest Service employees by function.

FOREST SERVICE
Fiscal Year 1983

	Full Time Equivalents
FOREST RESEARCH:	
Resource Protection Research:	
Fire and atmosperic sciences research . . .	160
Forest insect and disease research	406
Renewable resources evaluation.	247
Renewable resources economics	93
Surface environment and mining.	21
Total, Resource Protection Research	927
Resource Management Research:	
Trees and timber management research. . . .	430
Forest watershed management research. . . .	189
Wildlife, range, and fish habitat research.	176
Forest recreation research.	40
Forest products utilization research. . . .	330
Forest engineering research	49
Total, Resource Management Research	1,214
TOTAL, FOREST RESEARCH	2,141
STATE AND PRIVATE FORESTRY:	
Forest pest management.	246
Rural fire protection and control	39
Rural forestry assistance	92
Urban forestry assistance	---
Assistance in management, planning, and technology implementation.	11

	Full Time Equivalents
General Forestry Assistance:	
Gifford Pinchot Institute for Conservation Studies.	---
FIRESCOPE	---
Special projects.	11
TOTAL, STATE AND PRIVATE FORESTRY	399
NATIONAL FOREST SYSTEM:	
Land and Resource Protection:	
Minerals area management	670
Land exchange and adjustment	158
Land classification, status and planning .	15
Special uses	131
Geometronics	119
Subtotal, Land Management.	(1,093)
Land Line Location	577
Maintenance of Facilities.	275
Forest Fire Protection	4,135
Fighting Forest Fires.	---
Cooperative Law Enforcement.	33
Forest Road Maintenance.	1,238
Forest Trail Maintenance	227
Total, Land and Resource Protection.	7,578
Renewable Resource Management and Utilization:	
Sales administration and management.	5,681
Reforestation and stand improvement.	2,169
Recreation use	2,686
Wildlife and fish habitat managment.	896
Range Management	675
Soil and water management.	588
Total, Renewable Resource Management and Utilization	12,695
General Administration	6,430
TOTAL, NATIONAL FOREST SYSTEM.	26,703
CONSTRUCTION:	
Research construction	6
Construction for fire, administration and other purposes	142
Recreation use areas construction	57
Subtotal, construction of facilities . . .	(5,527)
Forest road construction.	102
Forest trail construction	---
Forest roads purchaser construction	---
TOTAL, CONSTRUCTION	5,834
LAND ACQUISITION.	21

	Full Time Equivalents
ACQUISITION OF LANDS FOR NATIONAL FORESTS, SPECIAL ACTS	1
ACQUISITION OF LANDS TO COMPLETE LAND EXCHANGES.	—
APPROPRIATED TRUST FUNDS.	—
RANGE BETTERMENT FUND	79
TOTAL APPROPRIATED FUNDS.	35,178
PERMANENT APPROPRIATIONS, WORKING FUNDS:	
Expenses, Brush Disposal	1,695
Licensee Programs: Smokey Bear.	3
Woodsy Owl	—
Restoration of Forest Lands and Improvements.	1
Roads and Trails for States, National Forest Fund (10 Percent Fund)	—
Timber Purchaser Roads Constructed by the Forest Service	12
Timber Salvage Sales	275
Tongass Timber Supply Fund	524
Subtotal, Permanent Appropriations-Working Funds	2,510
PERMANENT APPROPRIATIONS, PAYMENTS TO STATES:	
Payment to Minnesota	—
Payments to Counties, National Grasslands. .	—
Payment to School Fund, Arizona.	—
Payments to States, National Forest Fund . .	—
Subtotal, Permanent Appropriations, Payments to States and Counties.	—
TOTAL, PERMANENT APPROPRIATIONS.	2,510
COOPERATIVE WORK, FOREST SERVICE (Trust Fund). .	3,234
TOTAL, REGULAR FOREST SERVICE.	40,922
TOTAL, TRANSFER FUND ACCOUNTS.	1,463
GRAND TOTAL, FOREST SERVICE.	42,385

Availability of Legal Services in Alaska

Question: I note that there are no attorneys employed by the Forest Service in Alaska. In light of the frequent litigation you are already encountering and will surely encounter in the future regarding Forest Service land management practices, isn't it wise that you keep a certain number of attorneys in Alaska rather than importing them from Portland, as I understand the practice is now?

Answer: The Forest Service does not actually employ attorneys. Attorney services are provided by the Office of the General Counsel of the Department of Agriculture. The present staffing is considered to be the most efficient way to provide the highest level of legal services in view of existing resources and workload distribution.

Question: Do you feel that it would assist you if additional Justice Department attorneys were available in Anchorage or Juneau to work on land litigation?

Answer: Of course an additional Justice Department attorney located in Juneau could help expedite land litigation issues. However, the Department of Justice must consider its entire workload in allocating its staff. We must defer to them on the desirability of assigning additional attorneys to Alaska.

Cooperative VIS Facilities on the Chugach N.F.

Question: We have had frequent requests that the Forest Service participate in the funding of cooperative visitor facilities in the Chugach National Forest in Alaska. Could you provide me a breakdown of potential cost, if any, the Forest Service has had in working with the State of Alaska to obtain joint funding for the project.

Answer: Projected cost of the Portage Glacier Visitor Center near Anchorage, Alaska, as originally planned, would cost $8,000,000 spread over two or more years. National priorities make such an expensive project unlikely. At present, it is our intention to explore the feasibility of proceeding with a smaller facility in the area of $4,000,000. The Anchorage Convention and Visitor's Bureau has suggested the original $8,000,000 as a joint venture between the State of Alaska and the Forest Service with each contribution $4,000,000.

While the Forest Service frequently participates in cooperative activities with non-federal parties, a joint venture of this kind could lead to sharing title tothe facility with the State, encumbering the underlying Federal land. The Regional Forester will be discussing alternatives with the State of Alaska including a method to share in constructing the facility which would not require joint ownership.

Improvements are needed at the site. For 1983 we are requesting $81,000 for sewage lagoon improvements.

Research Laboratory in Juneau

Question: The U.S. Forest Service Research Division had been discussing with the University of Alaska the possibility of combining efforts to provide for a research laboratory for the Forest Service at the Juneau campus. This arrangement would provide for a much needed laboratory while giving a good research facility. What is the status of the discussions between the State of Alaska and the Forest Service research branch?

Answer: The Forest Service and the University of Alaska are continuing discussions on an arrangement for a research laboratory for the Forest Service on the Juneau campus. The University of Alaska would build the laboratory to Forest Service specifications on the Juneau campus and, in turn, lease the facility to the Forest Service. Funds for planning the facility were appropriated by the State of Alaska last year. The proposed lease has been prepared and approved by the Office of the General Counsel and is awaiting action by the University of Alaska. Presignature details on this arrangement are expected to be completed in the near future.

Question: What are the current research facilities for the Forest Service in Juneau? (They are located in the Federal building.)

Answer: At the present time, we have offices in the Juneau Federal Building. However, no laboratory facilities are available.

Question: Will any Congressional action be requiried to encourage or approve any arrangements between the Forest Service and the University of Alaska?

Answer: No Congressional action will be needed to complete this arrangement.

Activity Growth in Region 10

Question: There have been changes in the Forest Service program and activities in Alaska over the last few years. For the record, could you provide a comprehensive table regarding the annual allowable harvest, the personnel, and the budget growth for Region 10? Please provide this information for the last five years.

	78	79	80	81	82
Annual allowable harvest 1/ (million board feet)	888.0	888.0	490.0	490.0	460.0
Personnel 2/	930	1,048	1,058	986	970
Budget (thousands of (dollars)	40,319	38,672	47,152	56,662	69,659

1/ Effects of ANILCA and Tongass Land Management Plan were major factors for the reductions beginning with FY 1980.

2/ In FY 1978, 1979, and 1980 personnel controls were recorded based on the number of employees on the rolls at the end of the fiscal year. Beginning with FY 1981 controls were recorded by cumulative staff years. FY 1981 represents actual staff years and 1982 reflects estimated staff years.

ADDITIONAL COMMITTEE QUESTIONS

Impact of State & Private Forestry Budget on Non-Industrial Landowners

Question: What will be the impact of this Budget proposal on the state forestry organizations and on the non-industrial private landowner?

Answer: The goal of the FY 1983 budget is to reduce the role of the Federal government in the area of State and Private Forestry and to rely more on State and local governments. We are hopeful that the tax incentives the Congress put into effect will encourage small, private landowners to accomplish some of the initiatives that were previously funded through direct Federal payments.

Less financial and technical assistance will be provided to the States by the federal government. Greater reliance will be placed on the States and the private sector to improve the management of the State and private forest lands.

Non-industrial private landowners will continue to receive economic incentives for forest management through tax credits and depreciation of reforestation costs and through reduced income and inheritance taxes. Technical assistance will remain available to landowners.

Question: Does this Budget reflect a diminution of the future role of the non-industrial private landowner in the views of the Forest Service?

Answer: No, with 58 percent of commercial forest land in this category, non-industrial private lands will have to provide much of the projected long term future needs for forest resources.

Road Program Cost Savings

Question: Your statement says that cost savings related to the road program will total $50-60 million in 1982. What are these savings?

Answer: These are savings in road costs by:

1. Reducing reconstruction
2. Reducing quantities of base and surface materials.
3. Designing a higher percentage of local roads for one type of use at a time.
4. Instituting a program to manage the type and use and time of year a road could be used.

Question: What will the 1983 savings amount to?

Answer: 1983 cost savings will be about $50-60 million. These savings are incorporated in the 1983 President's budget.

Question: How are these savings calculated?

Answer: The cost reductions were calculated by comparing the original road construction cost estimates with the revised costs estimates which reflects the above action.

Question: Will you have additional road closures in 1983 over prior year levels? If so, where and under what circumstances?

Answer: Yes, in an effort to reduce cost and improve efficiency, some roads will be closed. Some closures will be partial; e.g., allowing only logging traffic during timber sale operations. Other closures will exclude all traffic during seasons when damage could occur from using the road. Specific locations for closures cannot be identified at this time.

Recreation Receipts

Question: Your 1983 receipt estimates show that recreation fee receipts will almost triple from 1982 levels (from $16 million to $47 million). Are those increases predicated on enactment of new legislation?

Answer: Yes, new legislative authority would be necessary to increase fee receipts as shown in the 1983 estimate.

Question: Your statement says that "due to misinterpretation of one of the basic provisions, the legislation has been withdrawn and will be revised." What provision was misinterpreted and by whom?

Answer: The legislation proposed authority that: "Admission fees may be charged of any person sixteen years of age or older at any federally administered land or water area operated or used in whole or in part for outdoor recreation purposes" and in another place the proposal states, "The appropriate Secretary is authorized to require an admission permit for the occupancy and use of federal lands for hunting and fishing."

The legislation would authorize but not require such permits.

The combination of these provisions was interpreted as a fee directed at hunting and fishing use. This was not the intent. The proposal would have permitted a general admission fee for all users to federal lands.

Since the authority being sought was discretionary with the Secretaries of the Interior and Agriculture and since the proposal was not accompanied by a specific implementation plan, it was not clear to the members of Congress how the new legislation would be implemented.

Question: Wasn't the real problem the way the legislation was drafted, in that it would have required hunting, fishing, and other use permits considerably beyond anything currently in place?

Answer: The problem was misunderstandings as to what was being proposed. The new legislation would have authorized but not required an overall use permit or admission fee beyond those currently authorized. It was clear in the proposed legislation that this fee was not intended to replace or conflict with the State's authority to issue hunting and fishing licenses.

Health & Safety-Related Construction

Question: As you know, the National Park Service and the Forest Service were both cited in a recent GAO report as having serious health and safety deficiencies. Last year, the Committee provided the NPS an increase of about $80 million in planning and construction money in order to start making these corrections. Your 1982 Budget had no increases requested and your 1983 Budget actually has a decrease of about $400,000 (8%) in recreation construction. Why is this?

Answer: Providing outdoor recreation is the primary function of the national parks, while it is only one of the several multiple uses of the national forests. Within a constrained budget, recreation construction for health and safety items had to be considered along with other construction needs such as rebuilding the Redding fire center as well as other programs such as timber and forestry research. The budget is responsive to the priorities laid out in the GAO report. Recreation construction improvements are limited to water and sanitation systems. About 90 percent of the recreation construction program will correct health and safety items.

Question: Why have you not supported additional funding requests for health and safety related construction?

Answer: The President's budget is designed to achieve economic recovery. Some painful and difficult choices were made to reduce federal spending while maintaining or increasing certain programs that support economic recovery. The Budget request includes the highest priority health and safety repair and reconstruction projects.

Question: Does the Forest Service have a serious need for these increases, as alleged by GAO?

Answer: Many of the needs stated in the GAO report are valid. As noted in our response to the report, some problems are more serious than others. The budget includes funding to correct the most important health and safety deficiencies.

Question: In what amounts has the Forest Service identified these needs?

Answer: As testified to last year, Recreation facility restoration and improvements are identified to be $1.088 billion. In addition, about $480 million is identified for support facilities (barracks, housing, etc.) not directly related to recreation.

Question: Would you please provide a list of necessary projects, with justification, for those increases?

Answer: The FY 1983 budget involves the highest priority health and safety projects. Any increase in funding even accompanied by compensating reductions elsewhere in the

Administration's budget would be a misallocation of resources. However, as specifically requested by the Committee we are enclosing a list of individual health and safety projects with justification statements in the amount of $26,090,000.

Minerals Program

Question: Your minerals proposal feature a new approach to be tested on a pilot basis for "contingent rights stipulations." This approach would, in effect, defer certain environmental analyses until the leasee indicated a desire to explore or develop the areas covered by the leases. This is proposed in recognition of the fact that only 2% of oil and gas leases on national forests are historically ever drilled or developed. Do you anticipate that the percentage of leases actually operated will increase in future years?

Answer: The historical data available to the Forest Service indicates that an estimated 10 percent of all oil and gas leases are explored with only two percent ever being developed.

There are three factors which affect the exploration and development of oil and gas. These factors are the physical environment of the area being explored or developed, new technology developed that improves existing methods or systems in the oil and gas industry, and the economics in any specified periods of time. These factors may cause the percentage of exploration to go up in the future. They also could cause the percentage developed to increase. Historically, this percentage for development has remained steady.

Question: What happens, under the contingent rights stipulations procedure, to the amount of time needed to get leased areas operating in an environmentally sound manner?

Answer: First of all, the contingent right stipulation is not to be used as a method to circumvent the NEPA process, but rather as a method to improve turnaround time on lease applications. With the use of the contingent right stipulation, environmental analyses will be site specific rather than the general overall and usually "worst case" analyses now being done. This should reduce the volume and complexity of the work and thereby reduce turnaround time on all lease operations.

It is estimated that leases will be recommended for approval or disapproval to the Bureau of Land Management within 30 days of receipt.

Question: Where will these tests be conducted and when will they begin?

Answer: The contingent right stipulation will be tested in selected areas where it can be considered for all geothermal and noncompetitive oil and gas leases. All designated wilderness, Congressionally mandated wilderness study areas, and Administration-endorsed wilderness proposals will be excluded. Also, all areas where an environmental assessment or an environmental impact statement regarding oil and gas leasing has been completed, or is in the process, will not be selected. If a roadless area is selected, the contingent right stipulation will take precedence over the further planning stipulation (Forest Service Manual 2822.43). The stipulation will not be applied to leases issued under the simultaneous filing system. It will be used in those areas where additional protection is needed beyond that provided by standard lease terms and conditions.

Use of the contingent right stipulation is scheduled to begin on May 28, 1982.

Renewable Resource Evaluation Research Program

Question: Your renewable resource evaluation research program is proposed for a reduction of $2 million (18%) from 1982 appropriations to date. What happens at this reduced rate?

Answer: The reductions in the President's Budget reflect a new look at the responsibilities of the Federal Government. Research on the use of remote sensing and land classification as an aid to forest resources inventory will be reduced and the State by State inventory cycle will be lengthened. Also, the level of detail in data collection and analyses will be reduced.

Question: Is the inventory cycle of the Nation's forest lands lengthened by this proposal?

Answer: Yes, under the proposed budget, the current inventory cycle will be lengthened from 11 years to 13 years.

Question: This seems to be a research program that clearly meets a federal need. No individual State can do such an inventory. Why are you proposing a reduction in this activity?

Answer: The proposed reduction for resources evaluation research is in line with overall evaluation reductions in Forest Service research programs. The need for resources inventory information will continue to be met, but at a reduced level.

Renewable Resources Economic Research Program

Question: Are all of the Forest Service economic and financial analyses funded through the renewable resources economics research program?

Answer: No, staffs in the National Forest System, State and Private Forestry, and Programs and Legislation also conduct analyses on specific shorter term issues and policy questions.

Question: If not, what is the distinction between those that are funded here and those that are not?

Answer: Forest Resources Economics Research is charged with providing economic theories and methods and demonstrating their applications. The other branches of the Forest Service use these theories and methods in program analyses. Research also provides analyses which help small private woodland owners and small private wood processing firms in their decisionmaking. In addition, it provides analytical methodologies which are used in the preparation of the periodic national assessment of the nation's forest and rangelands.

Question: This program is proposed for a reduction of $390,000 in 1983 (11%). What kinds of activities are lost if the proposed reduction is accepted?

Answer: Federal spending is being reduced in order to effectively deal with the deficit and inflation. Only the most serious problems are being targeted in the President's Budget. The FY 1983 research budget reflects the priorities of the Administration. In this budget we are attempting to increase the efficiency of research to assure that the dollars we spend have a more immediate payoff. This reduction of $390,000 below fiscal year 1982 was made mindful of the Administration's priorities. It will result in a reduction in research relating to: economics of harvesting systems, multiresource modeling, forecasting of mineral development on western public lands, determination of hardwood products and yields, and nonfederal public lands policy analysis.

Question: What will be lost in terms of management of the Southeast's non-industrial private forests?

Answer: These reductions will slow the development of technical information provided to small non-industrial private forest owners in their decisionmaking.

Forestry Intensified Research Program

Question: The Forestry Intensified Research (FIR) program was funded at $1,150,000 in 1982. For 1983, the Forest Service is proposing to reduce this to $950,000. Why is FIR research being cut?

Answer: The proposed reduction in budget for FIR in FY 1983 is in line with overall reductions in Trees and Timber Management Research which funds most of the FIR Program.

Question: Is this a high priority research program for the Forest Service?

Answer: Yes, the FIR Program is considered to be a high priority program of the Forest Service's Pacific Northwest Forest and Range Experiment Station.

Question: The Committee has received complaints that the Forest Service has included or expanded several research projects that go beyond the scope of the original plan, for example, the cable system for brush control project (PNW-3701), the inventory methods project (PNW-4101), and the prescribed burning project (PNW-2107). Were these included in the original plan?

Answer: The research projects in question are covered in the original FIR plan, "Reforestation and Forest Productivity in Southwestern Oregon: Problem Analysis and Proposed 10-year Research Program." This plan identifies the need for research on methods for brushfield reclamation and site preparation including herbicides, manual, mechanical, and fire. The plan also calls for research on developing improved site-specific reforestation inventory methods. Proposals for studies are submitted to a FIR Advisory Council for review and recommendations before implementation.

Question: At what funding level?

Answer: The 10-year plan projects the program of research on the basis of scientific effort--scientist years (SY)--needed to solve the problem area during the life of the plan. Using a conversion factor of $100,000 per SY, the estimated expenditure for site preparation and brushfield reclamation research is $2,000,000 (20 SYs) in 1978 dollars. For reforestation inventory methods, the plan estimates an expenditure of $200,000 (2 SYs) in 1978 dollars.

Road-Related Research

Question: Last year, this Committee urged the Forest Service to investigate additional research applications to hold down escalating road costs. Does the Forest Service have any new road-related research initiatives in the FY 1983 proposal, in response to that directive? If so, what?

Answer: The concern expressed by the Committee is shared by the Forest Service. Although there are a number of reasons and explanations for these rising road costs, the Forest Service has a continuing obligation and responsiblity to take all necessary steps and actions to reduce road costs.

Considerable effective effort underway by both National Forest System and Research is aimed at reducing road costs. Specific direction to field units to identify, share, and implement improved technologies to reduce road costs are included in the Forest Service Manual. Administrative studies are underway to develop improved road construction practices to control costs. Workshops are held for the purpose of technology transfer. Latest technologies are transmitted to field engineers to help them improve road design and construction practices.

Research has studies underway in several locations across the country to evaluate road access. This research effort focuses primarily on the environmental impacts of road design standards and construction practices. The important aspect of this work is to arrive at a balance between the minimum road standard (lowest life time cost) and permissable soil movement.

A description of road related projects to be initiated by both National Forest System and Research in fiscal years 1982, 1983, and 1984 are as follows:

1. Significance of Maintenance on Aggregate Surfacing. This study will quantify the total life cycle costs of various levels of maintenance on aggregate surfacing. The goal is to gain sufficient understanding of the effects of maintenance so that level of maintenance can be chosen that will result in the most cost effective aggregate surfacing over the entire design life of the surfacing.

2. One Lane Road Simulator. This existing computer program will be improved and enhanced to simulate the flow of two-way traffic over one lane roads. Such simulation allows greater understanding of the location of traffic delays and the costs of these delays. In many cases the delay costs will not be significant and one lane roads are entirely justified. Construction costs for one lane roads are appreciably less than two lane roads. An improved one lane road simulator will permit Forest Service engineers/managers to make better decisions regarding one land road and thereby provide a more cost effective transportation system.

3. Simultaneous Independent Model Bloc Adjustment (SIMBA). Road design and construction require the accurate location of the road with respect to the ground surface. SIMBA will require only a few control points to be placed by ground survey methods. SIMBA then will compute all required intermediate control points using aerial photographs and photogrammetric methods. Such a procedure can provide substantial savings over conventional labor intensive field survey methods for designing roads.

4. Use of Geotextiles in End Dumping Operations. Conventional practice in the construction of road fills requires that earth be placed in thin layers and compacted. If the earth could be end dumped from trucks without regard to layer thickness or compaction, substantial savings could be obtained for the cost of road fills. However, end dumping and no compaction usually result in severe differential settlement, rutting, and other problems. The project will develop the use of geotextiles as a means of controlling differential settlement and rutting, thereby obtaining satisfactory performance of the fills. If successful, significant Service-wide cost savings can be realized.

5. Reusable Running Surface for Roads. Many parts of the Forest Service transportation system have intensive but temporary or intermittent use. Examples of such use are access to log exploration. When the road is in use, it frequently requires an aggregate surface because of the weight an volume of traffic. However, the aggregate surface for these type roads represents a substantial investment that is tied up whether the road is in use for only a small portion of the time or in nonuse for most of the time. The purpose of this proposed project is to develop a reusable temporary surfacing that could be literally installed, used, and then retrieved, ready for the next use. Such a temporary running surface would have many different applications and should result in substantial cost savings.

6. Cost Estimating Model. Unlike State highway systems, the Forest Service transportation system is constructed in thousands of small segments under various timber purchaser and appropriated funds contract. Each of these road contracts requires a detailed cost estimate. A cost estimating model will be developed to enable Forest Service managers to estimate the cost of future road project contract costs as well as to analyze the costs for various individual items. The data base and related analytical capability has the potential for uncovering certain items, patterns, and relationships that are contributing to higher costs for

Forest Service roads. When these relationships are better understood, changes can be made in the design and construction process to eliminate or avoid high cost situations.

7. Moveable/Reusable Bridge Superstructures. Intermittent and temporary roads frequently have long periods of nonuse. Current practice leaves the high value bridge superstructures in place during periods of nonuse. Bridges are very expensive and contribute in a significant way to overall cost of Forest Service roads.

If bridge superstructures could be used on an intermittent road and then removed and reused at other locations, substantial cost savings could be realized. The purpose of this proposed project would be to develop technical critieria for such superstructures and to document the costs and benefits.

8. Evaluation of Nonmetallic Culvert Pipe. The construction, reconstruction, and maintenance of culvert drainage facilities are a major element in the cost of the Forest Service transportation system. The overwhelming majority of culverts are made from metal and are supplied by two or three manufacturers. This situation inhibits free and open competition and many contribute to higher costs for culverts than necessary. The purpose of this project is to evaluate alternative new products, particularly nonmetallic products, that could be used as a substitute for traditional metal culvert pipe. If substitute materials such as plastic or treated cardboard can be used the increased competition among manufacturers and fabricators should have the effect of reducing the cost of culverts. This, in turn, would substantially reduce road costs in the Forest Service.

9. When to Stabilize Road Cuts? Timely stabilization can reduce maintenance cost and environmental problems. Erosion from cut slopes is much greater in winter than in other seasons. Three-quarters of winter erosion coming from an ungravelled ungrassed road comes from the cut slop. Prompt stabilization of fresh cut slopes with grass reduced erosion 250 to 750 fold.

10. Estimating Costs of Road Maintenance. The project will investigate the effects of physical variables and harvest disturbance on shallow soil mass movements along the north Pacific Coast. The study is expected to quantify the effects of timber removal and road construction on landslide initiation and acceleration, and develop practical guidelines for estimating costs of maintenance of roads and the downstream drainage channel from road initiated landslide activity.

11. Prediction of Peak Flow for Effective Design of Stream Crossings. Adapt existing hydrologic models and develop empirical equations based on topographic and climatological parameters to predict design streamflows for major forest road stream crossings in coastal Alaska and western Oregon. Develop user oriented guide for streamflow predictions

relating to more efficient bridge and culvert and reduce costs.

A very important step in Forest Service planning is the systematic identification, priority setting, and implementation of a wide array of practical research and development projects, findings, and other outputs to reduce road costs. Both Research and the National Forest System are examining options, within the current budget constraints, to accomplish a mission oriented and goal research and development program to control road costs.

Range Evaluation

Question: The range evaluation projects in Oregon, Utah, and Louisiana are being significantly reduced. Why is that?

Answer: The highest priority work has been completed. In view of the need to reduce government spending and staffing, difficult priority choices had to be made which resulted in less funding for these projects.

Question: According to information provided to the Committee, the next step in Oregon would be to test the response of various resource outputs to selected management strategies. Why has the Forest Service invested time and money in developing the evaluation methodology but chosen at this time not to proceed with the testing of that system?

Answer: As mentioned above, the highest priority work has been completed and the remaining work is of a lower priority and has been reduced to hold down Federal spending. However, we will integrate what has been accomplished, in terms of management strategies and resource planning, into the regular Forest Service operations.

While the project cannot be completed as originally planned, many positive benefits have resulted. These benefits include 21 Coordinated Resource Management Plans, $1.8 million worth of range improvements constructed on 338,000 acres of National Forest System and private lands, over 5,000 acres of timberland thinned, and a positive example of what state of the art range management practices can accomplish. Forest management practices installed on non-industrial private lands are demonstrations that serve as a motivating factor to landowners to undertake similiar prescriptions. We will continue to build improved range and forest management programs on the national forests based on the results observed in the project.

Acid Rain Activities

Question: For the record, please prepare a list of Forest Service acid rain activities and costs, with a 3-year comparison of funding levels.

Answer: Forest Service activities in acid rain research are divided into three areas. These are (1) monitoring the amount and location of acid rain as part of the National Atmospheric Deposition Program; (2) research on the effects of acid precipitation on aquatic ecosystems in forested areas; and (3) research on the effects of acid precipitation on terrestrial ecosystems in forested areas.

A 3-year comparison of funding levels for Forest Service acid precipitation research follows:

Activity	Fiscal Year 1981	Fiscal Year 1982	Fiscal Year 1983
	--- thousand dollars ---		
Atmospheric deposition monitoring	132	127	145
Aquatic ecosystem research	133	135	210
Terrestrial ecosystem research	564	570	1,258
Total	829	832	1,613

Recreation Research

Question: What research does the Forest Service do in recreation that is unique or that is not available from other private or governmental sources, such as the National Park Service?

Answer: One of the major purposes of Forest Service recreation research is to provide the information needed for sound decisions on how--within a multiple-use context--to integrate recreation activities with other uses of forest resources. Certain other agencies and organizations, that do not have multiple-use objectives, do not engage in recreation research to the extent found in the Forest Service. The uniqueness and scope of Forest Service recreation research is related to the challenges and complexity of its management efforts. Often the benefits of such research have long term environmental consequences and are difficult to express in economic terms. Examples of the programs' uniqueness include studies on:

- How to integrate timber production with landscape values

- Methods to provide river recreation opportunities while protecting the environment

- Methods to measure dispersed recreation use

- Procedures for increasing supply of backcountry recreation opportunities

- Methods to quantify impacts of recreation on the physical environment

- Methods to assess economic and non-economic benefits of forest recreation to make trade-offs with the values of other natural resources

- Methods to measure demand and supply of recreation opportunities.

Question: How much of the recreation research effort is related to urban problems?

Answer: Of the $1.9 million planned to support recreation research in fiscal year 1983, approximately 40 percent will be devoted to research on urban problems.

Questions: What urban recreation research projects does the Forest Service have?

Answer: The Forest Service conducts urban forestry research which is funded, in part, by recreation research. Urban forestry research projects are conducted within four problem areas: (1) assess the social and economical benefits that can be obtained from urban forests; (2) understand the basic processes through which components of urban forests influence the urban environment and prescribe management guides to enhance the quality of urban environments; (3) develop methods to select, establish, maintain, and protect urban forest resources; and (4) develop strategies to integrate urban forestry planning and management with comprehensive urban development planning. A recreation research effort that relates to urban forest management needs in item (1) and parts of (2) above is a project titled "Managing Urban Forests for Recreation."

Questions: How, and why, is the Forest Service attempting to measure the quality of the recreation experience?

Answer: Proper land management requires that an agency measure outputs associated with management investments. With this knowledge management decisions and plans can be made to maximize returns on investments. For recreation, the number of people participating in a specific kind of outdoor recreation activity is a measure of production, but it is not sufficient for management and planning purposes. A measure of the quality that a recreation experience provides is also needed to evaluate management performance and to obtain useful measures of output.

Research is needed to provide measures of recreation experience quality. In one case, research has developed a self-administered "report card" where campers evaluate the quality of experience they received based on the "grade" they assign to observable/measureable attributes of the camping environment. The system is being tested nationally and can be used as a recreation management tool.

Question: Please provide for the record a list of recreation research projects requested in 1983, along with staffing and funding levels.

Answer:

Recreation research activities planned in FY 1983

Program Area	Scientific and Technical Support (person years)	($M) Funding
Managing backcountry and wilderness environments for recreation	7	396
Integrating recreation with other forest resource uses	4	200
Determine economic values of noncommodity forest products	3	129
Develop river recreation management systems	6	280
Predict trends in recreation demands	4	145
TOTAL	24	1,150

Urban forestry research activities planned for FY 1983

Program Area	Scientific and Technical Support (person years)	($M) Funding
Selection and management of urban forest vegetation	5	270
Identify physical processes through which urban forests produce benefits	3	121
Develop ways to integrate urban forest management with comprehensive urban development planning	4	163
Managing urban forests for recreation	4	216
TOTAL	16	770

Research Budget Line Activity Combination

Question: Does the Forest Service have a proposal for combining research activities in the budget presentation? If so, please submit for the record.

Answer: The Forest Service does not currently have a proposal for combining research activities in the budget presentation.

State Forestry Plans

Question: In the State and Private Forestry (S&PF) program, what is the current state of development of State forestry plans?

Answer: Five States have completed first generation plans: Utah, Indiana, Michigan, New Hampshire, and Florida. Another eight States are scheduled to complete plans before the end of fiscal year 1982.

Twenty-four States and two Trust Territory/Commonwealths are scheduled to complete first generation plans in fiscal year 1983.

Eight States are scheduled to complete first generation plans in fiscal year 1984.

Question: What happens to this activity in the 1983 budget proposal?

Answer: The 1983 Budget will permit 50 States to receive continued financial and technical assistance at a reduced level. Priority for financial assistance will be the 24 States which are scheduled to complete their "first generation" plans in 1983. They will receive $12,000 each. The remaining 26 States which either have completed plans or are scheduled to complete them in 1984 will recieve $7,000. The average for all States will be $9,400. The Federal/State cost share ratio will be revised from an 80/20 to a 50/50 matching basis.

Technical assistance in economic and social analyses will be set aside to concentrate on the technical aspects of planning needed to complete the first plans and to achieve the first four of the following assistance goals:

1. Provide information and data for updating the Resources Planning Act Assessment and Program.
2. Provide State program guidance and direction to forestry-related activities on State and private forest and rangelands.
3. Provide direct input to State and Forest Service annual program budget processes.
4. Provide data for input to other planning processes affecting forest and rangelands.
5. Provide the analyses required to demonstrate the economic and social benefits of proposed forestry programs.
6. Provide information needed to guide investment of public funds in forest resources development to maximize their impact on the resolution of major public concerns.

Question: In the Forest Service's judgement is this the most important S&PF activity?

Answer: State Forest Resource Planning is not more important than other State and Private Forestry cooperative programs. But it is a fundamental S&PF activity which strenghtens the States' ability to assume a leadership role in program planning for the use and management of forest resources.

Boundary Waters Canoe Area

Question: Please provide for the record a progress report on the Boundary Waters Canoe Area intensified forestry program funded through the Forest Service grant program. Will it take 10 years for the State to meet its plan?

Answer: Enclosed are the following: an accomplishment report for the Boundary Waters Canoe Area forestry intensification program prepared by the Minnesota Department of Natural Resources and a comparison of total planned targets and accomplishments to date.

Although progress in accomplishment of total planned targets varies among activity categories, indications are that completion of the forestry intensification program will require the full eleven years allowed in the Act (PL 94-495).

ANNUAL ACCOMPLISHMENT REPORT

BWCAW FORESTRY INTENSIFICATION PROGRAM

FEDERAL FISCAL YEAR 1981

This is the second in a series of annual program accomplishment reports covering the BWCAW Forestry Intensification Program of the Minnesota Department of Natural Resources, Division of Forestry. The report is intended to appraise the Legislative Commission on Minnesota Resources (LCMR), the United States Forest Service (USFS), and the public on the performance of the program during Federal Fiscal Year 1981. All program accomplishments are reported here in relation to their respective goals and objectives (or targets) as set forth in the Program Work Plan which is on file with both the U.S.F.S., and the L.C.M.R.

PROGRAM ACCOMPLISHMENTS

Federal fiscal year 1981 (Oct. 1, 1980 to Sept. 30, 1981) was the first year in which the BWCAW program was fully operational for 12 continuous months. Federal fiscal year 1980 was the start-up year for the program and was not considered by DNR to be indicative of average program performance and potential. FFY 1981, on the other hand, does appear indicative of what program performance may be expected over the remaining nine years of the program. Table 1 enumerates the BWCAW program targets and actual accomplishments for FFY 1981. This comparison of planned vs actual accomplishments is discussed on the following pages.

Table 1

FFY 81 TARGETS vs ACCOMPLISHMENTS

Program Element	Target Level	Actual Accomplishment
1. State Forest Development		
Reforestation (acres)	7,400	8,765
Tbr Stand Imp. (acres)	4,600	10,364
2. State Forest Nurseries		
Seedlings Shipped (millsions)	18	21.872
3. State Forest Roads		
Bridge Repairs (each)	5	1
Rd. Reconst. & Maint (miles)	570	783.2
New Construction (miles)	0	1.8
4. State & County Forest Inventory		
Acres Completed (thousands)	1,181	1,046.7
5. Forest Resource Planning		
State Forest Plans	see text	1
~~Statewide Plan~~	~~complete before FFY 84~~	~~25% complete~~
6. County Forest Development		
Reforestation (acres)	3,000	4,300
Tbr Stand Imp. (acres)	890	1,359
Rd Reconst. and Maint. (miles)	58	47.5
7. Private Forest Mgmt Assists [1/]		
Reforestation (acres)	2,000	1,063
Tbr Std Imp (acres)	1,500	202
Mkt/Util Assists (cu.ft.)	1.2MM	1.43MM

Notes:

1/ See text for additional accomplishments which do not fit into reporting catagories.

State Forest Development

Actual program accomplishments exceeded the planned targets, largely because of preplanning undertaken in 1980, and the increased availability of specialized site preparation equipment purchased with FFY 80 and 81 program funds. Included in the 8,765 acres of reforestation are 710 acres of improved natural regeneration made possible by program personnel providing improved timber sale layout, design and supervision. The 10,364 acres of TSI work accomplished in 1981, includes 5,557 acres of thinnings and other improvement cutting accomplished through commercial timber sales.

State Forest Nurseries

The nurseries shipped 21.872 million seedlings in 1981, or 122% of the planned target. Modernization and expansion work partially funded by the BWCAW program is progressing well at both State Nurseries, assuring continued excellent program performance in the coming years.

State Forest Roads

Accomplishments for FFY 81 include 1.8 miles of new road construction in Northeast Minnesota, which brings the program's two year total of new construction to 26.45 miles of road. This represents 106% of the planned new construction goal for the entire 11 year program. The over achievement of road maintenance goals and under accomplishment of bridge repairs noted in Table 1 are interrelated. Minor engineering delays coupled with wet weather prevented full accomplishment of targeted bridge repairs. This, however, was fortunate in that funds planned for bridge work could be shifted to the road maintenance account. The wet weather, noted above,created above average conditions of slumping and washing on forest roads during FFY 81, creating a high demand (and need) for maintenance work, which was met through the use of diverted bridge funds. Barring continued weather related problems in FFY 82, program balance should be regained during the remaining years of the program.

State and County Forest Inventory

Some 1,046.7 thousand acres of forest were inventoried during 1981. This represents 89% of the planned target level of 1,181 thousand acres. However, these figures do not tell the full story. Contracts with Beltrami and Koochiching counties were under negotiation during the last part of FFY 1981, and are now being finalized. In addition, St. Louis county has elected to finance and conduct its own, independent inventory program on approximately 930 thousand acres of forest land. With this one reduction in total acreage needing inventory by state financed crews, DNR's inventory supervisors estimate that an average annual accomplishment of only 976 acres per year will complete the inventory on schedule in FFY 1985.

Forest Resources Planning

The Minnesota (statewide) Forest Resources Plan is progressing on schedule, and is now well into the issues identification and assessment compilation phases. One State Forest "draft" plan has been completed, and is now being reviewed. In the 1981 session of the Minnesota Legislature, the forestry planning program, as a whole, was evaluated. As a result, the planning program has been significantly expanded, and legislative direction was received calling for the planning effort to concentrate on the development of the Statewide plan prior to developing individual forest plans. Therefore, the STatewide plan will be completed in FFY 83, and only after that time will work be undertaken on the full development of individual forest plans.

County Forest Development

In seeking overall program balance (i.e. cumulative accomplishment of planned targets) the emphasis in the County Forest portion of the BWCAW Program was placed on Reforestation and TSI activities during FFY 81. This is the reverse of the 1980 situation, when emphasis was placed on road construction. Hence, although 1981 road accomplishments fell 11 miles short of the planned targets, the Reforestation and TSI deficits of 1980 have been made up. With the balanced approach planned for FFY 1982 for County Forest segment of the program, this portion of the program should be on schedule, with good prospects for exceeding expections in future years.

Private Forest Management Assistance

In this portion of the program, Marketing and Utilization work exceeded target levels, while Reforestation and TSI work did not meet program expectations. However, this shortfall is not considered serious, or indicative of long term program performance. PFM foresters employed through the BWCAW program were active in developing management plans for numberous private holdings in Northeast Minnesota during 1981. These plans represent a necessary first step toward increased planting and TSI activities in future years of the program. The faultering state and national economies, more than any other factor, were responsible for lower than expected PFM reforestation and TSI activities. Inflated costs, combined with falling levels of personal savings and disposable income, prevented many Private Forestland Owners from making capital investments in their woodlots during 1981. With the continued poor economic forecast for 1982, PFM accomplishments may continue to slump during the coming program year. However, the DNR does not plan on lowering program targets. It is the DNR's belief that the BWCAW program provides necessary, in-place technical assistance for the non-industrial private forest sector, and that the economic slowdown, which created below average target accomplishments, is just one more reason for increased levels of support for PFM cost-sharing programs (which are beyond the scope of present levels of BWCAW program funding) at both the state and national levels.

PROGRAM EVAULATION AND FUTURE PROSPECTS

During the past year the DNR feels the BWCAW Forestry Intensification Program performed at or above acceptable levels of accomplishment. During the year, Minnesota's forest managers made significant inroads in the backlog of deforested acres in the northern portion of the state. Unfortunately, poor economic conditions lead to a general slowdown in timber markets which precluded harvesting of timber at high levels planned under the BWCAW program concept. This, though, may have been a blessing in that it did allow softwood reforestation activities to increase relative to harvesting levels. All together, the program activiteis and results for FFY 1981 were consistant with the goals of increased softwood production and hardwood utilization as outlined in Public Law 95-495, the BWCA Wilderness Act of 1978.

Table 2 enumerates the program's cumulative accomplishments to date in relation to planned, or target levels for the program after two complete years of operation. With three exceptions, all elements of the program are on or ahead of schedule. One exception to this statement is State Forest Road and Bridge maintenance work, where accomplishments fall approximately 25 percent below target levels. This shortfall is the result of having invested heavily in new construction during the first year of the program to avoid cost inflation during later years. Now that all road funds can be devoted to maintenance activities for the remianing nine years of the

Table 2

BWCAW TARGETS vs ACCOMPLISHMENTS

1980 TO PRESENT

Program Element	Cumulative Target	Cumulative Accomplishment
1. State Forest Development		
Reforestation (acres)	14,000	15,818
Tbr Stand Imp. (acres)	8,000	13,563
2. State Forest Nurseries		
Seedlings Shipped (Millions)	31.0	34.858
3. State Forest Roads		
Bridge Repairs (each)	11	8
Rd. Reconst. & Maint. (Miles)	1,140	878
New Construction (Miles)	25 [1/]	26.45
4. State & County Forest Inventory		
Acres Completed (thousands)	2,160	2,021.7
5. Forest Resource Planning		
State Forest Plans	–	1
Statewide Plan	complete before FFY 84	25% complete
6. County Forest Development		
Reforestation (acres)	5,300	6,034
Tbr Std Imp (acres)	1,650	1,756
Rd Reconst & Maint (miles)	124	108.22
7. Private Forest Mgmt Assists		
Reforestation (acres)	2,250	1,334
Tbr. Std. Imp (acres)	2,250	353
Mkt/Util Assists (cu.ft.)	1.5MM	2.15MM

[1/] 25 Miles of new road construction is the 11 year total target for this program element.

program, this element should be brought back on schedule by the end of FFY 1983.

Road reconstruction and maintenance is approximately 13 percent below projected levels, but this deviation is not considered serious by DNR. Proper program planning and attention to balance between County forest program elements should alleviate the shortfall, here, with 18 months. The third and perhaps most serious, shortfall comes in the area of Private Forest Management reforestation and TSI activities. Due to the nature of these activities, where DNR provides technical assistance and the private landowner finances all or part of the actual work, it may be that this program element's recovery may be tied to general economic conditions in northern and northeastern

Minnesota. Without significant private capital or government cost-sharing programs available these program elements will continue to suffer. However, DNR remains optimistic that this situation will reverse itself, and plans to continue laying the groundwork to accomplish the planned targets, when private capital again becomes available.

Future prospects for the Program's overall continued performance appear bright. The funding provided for the program, along with the increase in technically proficient personnel hired under the program, have allowed Minnesota forest managers to operate at program levels where economies of scale provide significant cost-savings. These cost-savings, in turn, alleviate many of the fears of a budgetary shortfall expressed in last years's (FFY 1980's) annual program review and accomplishment report. Provided that there are no inherent financial problems for the BWCAW Program in National and STate Economic Recovery packages now being implemented, the Division of Forestry is predicting that the BWCAW Forestry Intensification Program, upon completion in 1990, will prove to be one of the most successful cooperative (State-Federal) forestry program's in the state's history.

BWCA Forest Management Intensification Program

Program Element	Total Planned	Accomplishment to Date	Percent Accomplished
State Forest Development			
Reforestation (acres)	130,500	15,818	12
Timber stand improvement (acres)	83,000	13,563	16
Seedlings shipped (millions)	292.0	34.858	22
Bridge repairs (each)	56	8	14
Road reconstruction maintenance (miles)	6,445	878	14
New road construction (miles)	25	26.45	106
State forest plans (each)	1	-	-
Forest inventoried (acres) (includes County forest acres)	5,400	2,201.7	37
County Forest Development			
Reforestation (acres)	51,700	6,034	12
Timber stand improvement (acres)	13,750	1,756	13
Road reconstruction and maintenance (miles)	660	108.22	16
Private Forest Management			
Reforestation (acres)	22,000	1,334	6
Timber stand improvement (acres)	6,500	353	5
Market/Utilization assists (million cub. ft.)	13.20	2.15	16

Rural Forestry Assistance

Question: Rural forestry assistance is proposed for a reduction of about 25% from 1982 appropriations to date. Personnel levels are proposed for a 26% reduction from 1982 levels. All aspects of the rural forestry program are affected, but especially troubling is the funding reduction in seedling production and nursery improvement, which is reduced by 31% from 1982. Seedling production will decline by over 200 million seedlings (-30%). Why is this program so severely reduced in 1983?

Answer: The President's program to reduce federal spending and employment is placing greater reliance on States, local governments, and private landowners to assure adequate management of private forest lands. The states may increase their share of the funding in order to maintain present level of seedling production. Priority in the rural forestry assistance program has been given to forest management which contributes to maintenance of the States' service forestry programs and assures that the availability of technical assistance will continue.

Question: How will these reductions affect the long-term contribution to the future timber supplies expected from the non-industrial private forest lands?

Answer: Reductions in the President's Budget reflect a realignment of the responsibilities of Federal, State and local governments and will require they assume greater responsibility for forest management, especially reforestation, to keep pace with the projected needs for forest resources from those lands. The impact will depend upon the response of the State, local governments and the private sector.

Merging UFA And RFA Programs

Question: What is the Forest Service reaction, including pros and cons, to merging the Urban Forestry Assistance program with the Rural Forestry Assistance Program into a single Cooperative Forestry Assistance program?

Answer: The administration of the Rural Forestry Assistance (RFA) and Urban Forestry Assistance (UFA) programs is similar. The Forest Service provides both technical assistance and financial grants to State forestry agencies. States, in turn provide technical advice to landowners, managers, and local agencies in the urban and community setting for UFA and in the rural setting for RFA. States also commonly sub-grant Federal funds for UFA to local agencies.

The two programs also have some similar objectives and activities. Both are directed to improving forestry, and both have elements of management, planning, and wood utilization. RFA has a primary objective of increased timber production while UFA has the primary objective of improved urban and community environments. Both contribute to the various renewable natural resource values.

Because of the similarities between the two programs, merging them appears feasible. Dissimilarities could likely be accomodated without undue difficulty. However, the Forest Service would prefer that any change be deferred. Merging these programs is part of a more extensive proposal being considered to streamline the State and Private Forestry budget beginning in fiscal year 1984. The proposal still requires a significant amount of administrative review and approval.

Forest Fire Protection Activities

Question: In the National Forest System area, what is the Forest Service judgement about the relative balance of 1983 funding for air tankers versus other forest fire protection activities?

Answer: The most efficient level and balance of forest fire protection activities is determined through an analysis which considers each activity's cost and effectiveness as a part of the total program.

The proposed funding for the airtanker program represents our estimate of the maximum level of funding which would be justifiable at the "most efficient" fire management program budget level. This funding level also meets present commitments to provide stability to the airtanker industry.

Question: Has the number of staff years available for firefighting gone down over the past ten years?

Answer: Yes. During the 1960's we maintained a somewhat stable budget and organization. Following the 1972 fire replanning which established a goal of controlling all wildfire at no more than 10 acres, budgets and staff years for firefighting increased beginning in Fiscal Year 1974, and maintained a light increase each year through Fiscal Year 1977. In 1978, the Forest Service implemeted the revised Fire Management Policy after it became apparent that the increases in firefighter staff years had not resulted in a significant reduction of burned acres. Increased emphasis was placed on fuel management. In addtion, inflation began to increase dramatically resulting in fewer real dollars for manpower. During this same period, Fire Management also had to fund its fair share of the Forest Land and Resource Planning effort mandated by the National Forest Mangement Act. The sum total of these impacts had resulted in a net reduction in staff years. We undertook a conscientious effort to reduce under-utilized resources, strengthen ties with cooperators, concentrate initial attack units in areas with high fire incidence, and increase utilization of remaining forces through greater mobility.

Question: Has the annual investment in firefighting equipment gone down over the past 5 years?

Answer: No, the investment in firefighting equipment has increased. However, the increasing cost of equipment has resulted in fewer pieces of better firefighting equipment and aircraft.

Question: It is my understanding that ground attack forces are the most important factor in combating fires. Has the funding for ground attack forces declined relative to air tankers in the past 5 or so years?

Answer: The funding of ground attack forces has increased relative to that for the airtanker program during the past 5 years. In terms of relative program size and capability, however, ground forces have declined. This reduction in ground attack forces has resulted from increases in costs for personnel and travel for this essential labor intensive local program which have significantly exceeded increases in funding. On the other hand, increased costs in the airtanker program have been largely offset without losses in capability by more efficient utilization of aircraft through seasonal movement of these very mobile forces.

Question: What is the Regional breakdown of the funding and staffing for the 5 major FFP activities over the same 5 years or so?

Answer:

FOREST FIRE PROTECTION
REGIONAL DISTRIBUTION
FISCAL YEAR 1979-1983

Region	* Yr	Prev. $	Detect $	Attack $	Aviation $	Fuels $	Other $	Total $
One	78	507	493	3,298	1,254	1,014	6,334	12,900
	79	945	1,005	4,318	2,536	2,753		11,557
	80	1,352	1,118	6,219	2,636	2,256		13,581
	81	2,303	1,177	7,255	1,888	1,793		14,416
	82	1,664	1,284	5,586	3,292	2,079		13,905
Two	78	184	114	789	269	532	1,598	3,486
	79	301	209	1,628	384	469		2,991
	80	392	201	1,911	531	904		3,939
	81	391	253	2,241	735	733		4,353
	82	378	176	2,092	601	873		4,120
Three	78	2,256	805	7,444	1,797	1,091	8,084	21,477
	79	2,989	1,139	10,503	2,348	1,706		18,685
	80	3,868	1,449	13,697	2,826	1,696		23,536
	81	3,625	1,419	14,304	3,263	1,155		23,766
	82	3,877	1,391	11,925	3,284	1,478		21,956
Four	78	829	352	1,866	1,274	578	4,567	9,466
	79	1,528	893	3,736	2,059	1,393		9,60[illegible]
	80	2,384	789	3,935	2,346	1,717		11,171
	81	2,746	1,071	4,813	2,313	2,055		12,998
	82	3,743	513	4,601	1,316	1,632		11,805
Five	78	5,676	842	16,057	6,645	4,328	15,267	48,815
	79	8,364	1,348	21,323	8,808	3,517		43,360
	80	9,388	1,646	25,697	8,816	5,930		51,477
	81	10,270	1,987	31,306	8,955	6,510		59,028
	82	11,364	1,502	24,152	10,389	10,603		58,010
Six	78	2,079	748	5,395	3,690	3,626	11,551	27,089
	79	2,910	1,550	10,789	6,803	3,803		25,855
	80	3,393	1,445	12,847	6,459	6,801		30,945
	81	3,138	1,814	13,158	5,409	5,011		28,530
	82	3,930	1,424	11,754	6,920	4,683		28,711
Eight	78	825	783	2,679	557	335	4,229	9,408
	79	1,355	1,258	4,697	680	620		8,610
	80	1,697	1,622	5,740	993	990		11,042
	81	2,146	1,592	6,419	1,382	1,096		12,635
	82	1,961	1,652	5,521	1,151	1,336		11,622
Nine	78	443	146	1,054	202	91	1,833	3,769
	79	769	346	1,968	285	321		3,689
	80	841	331	2,662	218	289		4,341
	81	1,070	292	2,383	361	442		4,548
	82	1,329	342	2,439	325	512		4,948
Ten	78	26	1	69	19	7	272	394
	79	87	15	108	77	0		287
	80	147	24	168	64	0		403
	81	460	1	54	60	1		576
	82	244	11	153	74	7		489
Total	78	12,825	4,284	38,651	15,707	11,602	53,735	136,804
	79	19,248	7,763	59,070	23,980	14,582		124,643
	80	23,462	8,625	72,876	24,889	20,583		150,435
	81	26,149	9,606	81,933	24,366	18,796		160,850
	82	28,490	8,296	68,224	27,353	23,203		155,566

*Fiscal years 1978-1981 are actual obligations. Fiscal year 1982 is estimated. Totals do not include funding for the WO.

The distribution of primary firefighter staffing by fiscal year is as follows:

1977	12,284
1978	10,245
1979	8,565
1980	8,147
1981	8,246
1982	Not available

Footnote to Regional Distribution of Funds:

In fiscal year 1978, fire management was funded with a combination of Forest Fire Protection and Fighting Forest Fire (FFF) funds. This combination was called the Fire Management Fund. Functions in use included prevention, detection, attack, aviation, fuels, supervisory and facilitating, project management and general administration. The latter three functions have been displayed under "other".

In fiscal year 1979 fire management was fully funded with Forest Fire Protection (FFP) funds. No FFF was used for presuppression activities. The "other" category of functions was discontinued. Charges formerly made to these functions were distributed to the remaining functions.

In fiscal year 1982 general administration was separated from FFP funds when it became an individual line item.

Question: Is current 1982 level most efficient? Why?

Answer: The current FY 1982 appropriation to date is $171.2 million (including G.A.). The fire management budget analysis estimated that annual average suppression costs would be $82.4 million and the net resource value change (loss) would be $43.9 million for this budget level. Total program cost, the sum of the three amounts, was estimated at $297.5 million. For planning purposes a more efficient program was estimated to be $185.3 million appropriated for forest fire protection; at this level, average annual suppression cost is estimated to be $69.6 million and resource losses to be $34.9 million, for a total program cost of $289.8 million. However, three quarters of the way through the FY 1982 fire season it is evident that fire weather severity is significantly below normal nationwide. Actual suppression costs are not likely to exceed $69 million, and resource losses will also be lower than estimated. The risk assumed in the appropriation of less than the amount estimated for a most efficient program has therefore resulted in savings to the taxpayer for this fiscal year.

Question: Is 1983 proposed level most efficient? Why?

Answer: The Forest Service requested $150.3 million for the fire protection program. This is an increase of $5.6 million over FY 1982. According to the "Fire Management Budget Analysis" the most efficient fire protection program would be about $175 million. The President's Budget provides for the most efficient program considering the need to reduce Federal spending and employment. The "Fire Management Budget Analysis" uses an economic efficiency criterion to assist in determining the fire organization mix and budget level. Actual fire severity and, therefore suppression costs and net resource value change may vary significantly from the analytical solution which is based on historical fire information. The President's Budget will allow for an effective fire protection program.

Question: Provide copies of F.S. audits of individual companies.

Answer: The Forest does not perform actual audits of companies but instead collects and verifys their cost data. Enclosed are the most recent cost collection reports on eight contractors.

Question: Discuss airtanker capacity; speed; range; etc to substantiate FS position that airtankers are adequately funded.

Answer: Speed and range are not a factor. The differences are only significant in detailed analyses for special situations. Listed below are data on airtanker capacity.

Fiscal Year	No. Airtanker	Unit Capacity	Total Capacity
1978	1	900	900
	4	1,200	4,800
	9	1,800	16,200
	16	2,000	32,000
	3	2,300	6,900
	14	2,450	34,300
	1	3,000	3,000
	48		99,000 gals.
1979	2	1,050	2,100
	3	1,200	3,600
	4	1,800	7,200
	15	2,000	30,000
	0	2,200	0
	3	2,300	6,900
	17	2,450	41,650
	1	3,000	3,000
	45		94,450 gals.
1980	2	1,050	2,100
	3	1,200	3,600
	4	1,800	7,200
	15	2,000	30,000
	0	2,200	0
	3	2,300	6,900
	16	2,450	39,200
	1	3,000	3,000
	44		92,000 gals.
1981	1	1,050	1,050
	4	1,200	4,800
	1	1,800	1,800
	17	2,000	34,000
	1	2,200	2,200
	12	2,450	29,400
	7	3,000	21,000
	43		94,250 gals.
1982	1	1,050	1,050
	4	1,200	4,800
	1	1,800	1,800
	17	2,000	34,000
	1	2,200	2,200
	12	2,450	29,400
	7	3,000	21,000
	43		94,250 gals.

Question: Provide detailed response to contention that the 1983 budget level wastes $30.1 million this year when you include prevention costs, suppression and resource value losses.

Answer: Our fire suppression cost and net resource value change estimates are expected averages for a given program and budget level. It is not our intent to imply that value change estimates will occur in any specific year. Some years will be lower, some higher, depending on the actual fire season severity. Therefore, there is an opportunity to take a reasonable business-like calculated risk in any given year.

Question: Based on prior year experience, how much of $76.6 million of FY 1982 suppression money will eventually go to airtankers?

Answer: It is estimated that airtanker flight time, landing fees and overnight fees chargeable to fire suppression will be about 5 million in FY 1982.

Question: Provide update of 1982 fire season and funding.

Answer: FFF expenditures for FY 1982 are not likely to exceed $69 million. Three quarters of the way through the FY 1982 fire season it is evident that fire weather severity is significantly below normal nationwide.

Question: The Forest Service is proposing to reduce two FFP activities in 1983 (Prevention and Detection), to increase two other FFP activities (Attack and Aviation), and to hold fuels management constant. What is behind that overall strategy?

Answer: Only prevention is proposed for a reduction. Planning chargeable to prevention is decreasing, but public contact and activity inspections are being maintained. The strategy on the other fire activities is to balance the protection program as much as possible. Restoration of the disproportionally large reduction in ground attack forces over the last five years was the primary objective. This objective was partially met while at the same time allowing an increase in aviation to maintain a stable airtanker fleet, cover higher than average inflation in helicopter contract costs, and allow a modest increase in detection.

Facility Maintenance Needs

Question: According to your justification, on pages 123 and 124, Forest Service recurring needs for facility maintenance are estimated to be about twice what is requested in 1983. Why doesn't the Forest Service request at least enough money to keep up with recurring needs?

Answer: It is a matter of priorities and making the best use of available funding. The requested maintenance budget will provide an adequate level of funding to correct high hazard health and safety deficiencies and essential maintenance. Other maintenance items are being deferred.

Question: How are these needs measured -- is this just a wish list put forth by forest supervisors?

Answer: Maintenance needs were based on a Forest Service facility management study conducted in 1981. Information was compiled by local facility managers based on condition surveys and other related inventories.

Road Maintenance

Question: Forest road maintenance is proposed for a reduction of 1 million, 527 thousand dollars from 1982 appropriations to date. Do the reduced timber harvest levels in 1981 and 1982 impact the need for road maintenance activity? Please explain.

Answer: Yes. Timber harvest levels do impact road maintenance activities. Maintenance responsibilities on a road with mixed traffic (commerical and noncommercial) are shared by users. Certain maintenance activities (nontraffic related) must be performed to protect the environment and investments regardless of traffic volume. If harvest does not occur, the nontraffic maintenance is performed by the Forest Service rather than by the timber purchaser.

The proposed reduction in the appropriation is not a function of reduced harvest, but rather a result of the need to reduce costs while increasing timber sales levels. Some road investments are being postponed until economic conditions improve.

Trail Maintenance

Question: Trail maintenance is proposed for a reduction of almost 1/3 in 1983 from 1982 appropriations to date. Has trail usage declined? What has happened to trail usage?

Answer: No. Trail use has not declined. Annual recreation use of trails has increased an average of 5.2 percent per year from 10.6 million Recreation Visitor Days (RVD's) in 1977 to 12.8 million RVD's in 1981.

Question: Why is trail maintenance targeted for such a large reduction in 1983?

Answer: Trail maintenance is particularly well-suited to volunteer organizations and individuals. We plan a major effort to recruit volunteers for this work. Trail funds will be earmarked to maintain high use trails and trails critical for management of special areas.

Timber Stand Improvement

Question: TSI acres are proposed at a level of 160,000 acres in 1983, down from 180,000 acres in 1982 and from 257,000 acres in 1981. Why are TSI activities continually being decreased?

Answer: The decrease for timber stand improvement resulted from a need to reduce Federal spending. Reforestation and the harvest of old growth timber are higher priority activities and are more cost effective in meeting projected demands for lumber and wood products. The proposed budget will allow the Forest Service to improve stands on the highest productive sites.

Question: What is the number of acres needing TSI that can be treated economically?

Answer: The 1,716,419 acres needing stand improvement work as of October 1, 1981 are shown by productivity class, by Forest and by State in Table 28, Report of the Forest Service, Fiscal Year 1981. The maximum number of these acres that can be economically treated during the fiscal year 1983 is about 408,000 acres (142,000 acres with K-V funds and 266,000 acres with appropriated funds). However, any funding increases over the President's budget would be counter to reducing the growth of federal spending, reducing the deficit and controlling inflation.

Question: How many acres are added each year to the TSI backlog of acres that need TSI?

Answer: About 375,000 acres are added to the inventory of TSI needs every year. These acres are the result of the new stands of trees created each year as a result of reforesting areas that have been deforested by timber harvest and natural causes such as wind, fire, insect and disease attack.

Reforestation

Question: How is the Forest Service doing in keeping pace with reforestation needs and eliminating the backlog of work that existed as of 1975? Please provide a table for the record showing all needs and work accomplished from 1975 projected through 1985.

Answer: Since 1975, the reforestation backlog decreased from 3,145,000 acres to 413,000 acres as of October 1, 1981 (see table below). About 210,000 acres of the remaining backlog will be completed during 1982 through 1985. The remaining 203,000 acres cannot be programeed for reforestation due to incomplete land management planning, constrainst on herbicides, economic or other factors. The following table shows the reforestation acres accomplished and remaining reforestation by year since 1975.

Fiscal Year	Reforestation Accomplishments	Other 1/ Reductions	Additional Needs	Reforestation Inventory
		(thousand acres)		
1975	--	--	+	3,145
1976	468	666	549	2,560
1977	383	272	363	2,268
1978	411	146	468	2,179
1979	446	523	429	1,639
1980	434	220	365	1,350
1981	423	85	375	1,217
1982	373	--	396	1,240
1983	404	--	400	1,236
1984	451	--	400	1,185
1985	460	--	400	1,125
Total	4,253	1,912	4,145	N/A

1/ Includes acres regenerated through natural stocking and reductions by management decision (land classification, multiple use and land use decisions).

Range Management Activities

Question: Your proposal for range management activities is for a reduction of about $2 million from 1982 appropriations to date. The majority of the reduction is in range forage and structural improvements. Why are these activities proposed for a reduction?

Answer: The reduction was made on those range improvements financed with range management funds in the six western regions.

These regions will have a range improvement program financed with Range Betterment Funds on national forests through conservation practices on national grasslands. Higher priority has been given to other phases of the range program, such as grazing permit administration, range support for Forest land and resource management planning, timber sales program, and ecological assistance to other resource uses.

Question: Range and structural improvements will be financed exclusively in 1983 from the Range Betterment Fund. However, Range Betterment Fund receipts and funding levels are estimated to be reduced in 1983 due to reduced grazing fees. This proposal, therefore, does not help forage capacity or improve rangeland condition, in fact, it reduces the number of acres treated with forage improvements by over 60% and acres treated with structural improvements by almost 50%. What is the current condition of Forest Service range lands?

Answer: Of the 101.8 million acres of National Forest System range, 54.4 million are suitable for grazing. (Unsuitable range is any area that should not be grazed by livestock because of unsuitable soils, steep topography, or inherent low potential for forage production.) Our 1977 estimate was that 70 percent of the suitable acreage was in satisfactory ecological condition. (Ecological condition is the degree of similarily between the present community and the potential natural community for the site.)

Condition	Acres in Millions
Good	13.1
Fair	25.0
Poor	14.2
Very Poor	2.1
	54.4

This estimate is being updated as a part of the forest land management planning process.

Question: What is their carrying capacity in AUM's

Answer: Grazing capacity of National Forest System lands in fiscal year 1981 was estimated to be 10.2 million animal units months.

Question: Does the Forest Service evaluate planned improvements with benefit/cost analyses?

Answer: We are in the process of training personnel on implementing new procedures for project effectiveness analysis. Procedures for calculating benefit/cost analysis and analyzing social and environmental effect of range management programs is described in FSH 2209.11, Project Effectiveness Analysis of Allotment Management Plans and Range Improvement Handbook.

Question: What would the economically efficient level of range improvement investments be?

Answer: The economic efficiency of any given project is where benefits equal costs, or a unity B/C ratio of 1:1. However, economic efficiency is not the sole determinant. Cost effectiveness criteria includes environmental quality and social well-being values of alternative range improvement practices. The procedures are applied at the local level so that design alternatives, scheduling and human resource needs can be evaluated.

Question: At what net present value discount rate?

Answer: For evaluation of long-term investments and operations, a 4 percent real discount rate is used. Short-term evaluation for facilities, equipment and other short-term expenditures follow the Office of Management and Budget policy of using a 10 percent discount rate. For some evaluations of long-term investments, discount rates prescribed by other agencies must be used as well, e.g., the Water Resources Council rate for water development projects is 7-1/8 percent.

Question: Including what benefits other than just grazing (such as wildlife, soil and water, etc.)?

Answer: With the effectiveness analysis, we have identified and analyzed all benefits associated with range improvement practices. Besides livestock grazing outputs (AUM's); watershed, woodland products, wildlife, recreation values are also evaluated.

Soil & Water Inventories

Question: Your 1983 proposal for soil and water management is for a reduction of 7 million, 700 thousand dollars (about 25%) from 1982 appropriations. The bulk of that reduction is in inventory work. What is the long-term plan for future inventory work?

Answer: Forest Service long-term plans are to complete broad level soil surveys for general planning by 1990 and detailed surveys for intensive resource management by the year 2000. We also plan to conduct periodic broad water resource inventories to assess changes in watershed condition.

Question: Will the FTE reduction of 277 (about 30%) effectively halt future work?

Answer: Inventory work will be postponed on some of the national forests. However, inventory work will continue on forests where staffing is adequate to continue inventories in an efficient manner and where the need for immediate information is greatest.

Question: What will be the impact on opening new areas to multiple-use management?

Answer: Some information on soil capabilities, limitations and watershed condition will not available for land allocation decisions in these areas. This means that information will be gathered on a project by project basis to meet immediate needs.

Question: What will happen to future soil and water support costs without completed inventories?

Answer: Detailed investigations on a project-by-project basis are more expensive than broad inventories to determine the potential impact on soil and water resources.

Youth Conservation Corps

Question: Why is the Forest Service operating only a $1 million, 700 thousand dollar YCC program in 1982?

Answer: The fiscal year 1982 plan of work had already been established and the $1.7 million program represents current adjustments to accomodate this program for the summer of 1982.

Question: Congress authorized between $1 and $3 million but encouraged the use of the maximum amount available. How was this program level selected?

Answer: The program level was selected by each Forest Service region assessing its capability to integrate the Youth Conservation Corps enrollees and projects into the fiscal year 1982 plan of work.

Question: Why not have a $3 million program?

Answer: Our fiscal year 1982 plan of work had been developed including, in many cases, commitment of funds. This limited the work projects available that meet YCC objectives and requirements.

Question: If a $1-3 million YCC program authorization was included in the 1983 appropriations bill, what level program would the Forest Service operate?

Answer: In fiscal year 1983, the Forest Service would operate a program of about $2 million.

Question: What position has the Administration taken on the various youth employment legislative proposals before Congress?

Answer: The Department of Agriculture has presented its views on HR 4861 the "American Conservation Corps." We oppose legislation of this type. Faced with the need to hold down federal spending, we do not believe this is high priority use of federal funds. Conservation work carried out by such programs is of lower priority than that which is carried out through our regularly appropriated programs.

Bald Mountain Road Project

Question: What is the current status of the Bald Mountain Road construction project?

Answer: The Bald Mountain Road construction project will be advertised for bid during the last week of May, 1982.

Question: When will the appeals process be complete? Please provide a complete set of information for the record.

Answer: The appeals process was completed on April 30, 1982. The Decision Notice was issued on February 18, 1981. The first appeal to the Forest Supervisor was issued on March 20, 1981; a second level appeal was denied by the Regional Forester on August 13, 1981; and the third level of appeal was made to the Chief on September 30, 1981. Chief Peterson denied the appeal on April 30, 1982.

General Administration Activity

Question: The Forest Service is displaying its proposed funding for the General Administration activity in detail for the first time in FY 1983. The FY 1983 proposal is for a $22 million increase (+9%) over 1982 appropriations to date. Compared to the latest actual experience, which is 1981, the 1983 proposal is a reduction of 6 million, 419 thousand dollars, or about -2%.

The General Administration activity has three components -- (1) line management expenses incurred by the Chief, regional foresters, district rangers, etc., (2) administration needed to support program activities, and (3) common costs such as rent, communications, etc. Compared to your most recent experience, 1981, your 1983 estimates show an increase for line management and a reduction in program support and in common costs. Why does the line management activity need an increase while program support activities and common services are actually being reduced?

Answer: The line management component of General Administration remains constant with a slight adjustment for increased pay costs. Line Management will remain constant unless an administrative office that has line management personnel is closed or one is added or a reorganization occurs. No changes of this nature are anticipated for FY 1983.

The decrease in program support and common services reflects two things. One is due to a continued effort to reduce cost and closely manage administrative activities. The other reason for the decrease is due to the reduced Research and State and Private Forestry. The proposed closing of nine research laboratories will result in less general administration needs to support the research programs.

Question: The largest single component of your GA costs is for field offices, about $120 million for FY 1983, yet your justifications do not address this item. Why is that?

Answer: The 1983 Explanatory Notes were intended to describe the General Administrative activities at all levels of the organization. The descriptions of the following activities are applicable to all levels of the Forest Service:

Program Development and Budget
Personnel Management
Civil Rights
Volunteers and Hosted Employment Programs
Procurement and Property Management
Management Analysis and Support
Fiscal and Accounting Management
Public Information and Involvement

Question: What costs are included in that category?

Answer: The amount of GA Program Support at the field level is $115,960,000 for fiscal year 1983. The following is a list of typical expenses by organization for Program Support. This will vary by Region, Station, and Area due to size and location of the organization. Also, there are portions of some of the Program Support activities that are identified and charged directly to projects.

Regional Offices

Program Development and Budget
Administrative Management
Administrative Services
Information Resource Management
Fiscal and Accounting Managment
Personnel Management
Civil Rights

Forest Headquarters

Administrative Officer
Budget and Finance Section
Personnel Section
Administrative Services
Office Services
Computer Specialist
Portions of other administrative functions

Ranger District

Administrative Assistant
One or more District Clerks

Station Headquarters

Administrative Services
Budget and Finance
Personnel Management
Civil Rights
ADP Systems Management

Research Work Units

Support Service Personnel

Area Offices

Administrative Management
Administrative Services
Budget and Fiscal
Personnel

Question: What is your justification for the $6 million increase requested over 1982 appropriations?

Answer: The increase is $3.4 million. The FY 1983 estimate is $129,582 million, not $133,947 million as shown in the explanatory notes. This error was detected after the explanatory notes were prepared. Revised pages have been distributed.

The $3.4 million increase is a result of adding $7.8 million for service-wide pay act costs and the reduction of $4.4 million for reduced program support. This reduction is primarily tied to the reduced Research program and field office closures. The reduction are all in the field because the Research programs and field offices being impacted are located outside the Washington, D.C. area.

Forest Service Uniform Allowance

Question: Why do Forest Service employees only receive $125 annual uniform allowance while National Park Service and Fish and Wildlife Service employees receive $400 annual allowance?

Answer: Forest Service uniformed personnel are limited to a maximum of $125 annual uniform allowance by Public Law 89-504 dated July 18, 1966.

SUBCOMMITTEE RECESS

Senator McClure. Thank you all for your appearance here this morning. The subcommittee stands recessed.

[Whereupon, at 10:55 a.m., Thursday, April 22, the subcommittee was recessed, to reconvene at the call of the Chair.]

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

Page
Anderson, Leon H., Director, Human Resources Programs, Forest Service, Department of Agriculture 699
Andrews, Hon. Mark, U.S. Senator from North Dakota, questions submitted by 409
Arnett, G. Ray, Assistant Secretary for Fish and Wildlife and Parks, Land and Water Conservation Fund, Department of the Interior 579
  Biography of 581
  Prepared statement 580
Atkinson, Hawley, Chairman, Navajo and Hopi Indian Relocation Commission 417
  Prepared statement 417

Beasley, J. Lamar, Deputy Chief, Programs and Legislation, Forest Service, Department of Agriculture 699
Beilenson, Hon. Anthony C., U.S. Representative from California, prepared statement 574
Berry, Max N., Chairman, Pennsylvania Avenue Development Corporation 457
  Prepared statement 457
Bibles, D. Dean, Assistant Director for Land Resources, Bureau of Land Management, Department of the Interior 603
  Biography of 604
Billington, James H., Director, Woodrow Wilson International Center for Scholars 327
  Prepared statement 327
Blackstone, Sandra, Deputy Director for Energy and Mineral Resources, Bureau of Land Management, Department of the Interior 339
Brancato, Richard, Deputy Director, Office of State and Local Assistance Programs, Department of Energy 285
Breznay, George B., Director, Office of Hearings and Appeals, Department of Energy 1
  Prepared statement 3
Briceland, Dr. Richard H., Associate Director, Science and Technology, National Park Service, Department of the Interior 65
Burford, Robert, Director, Bureau of Land Management, Department of the Interior 339
  Prepared statement 340
Byrd, Hon. Robert C., U.S. Senator from West Virginia, questions submitted by 25

Chiles, Hon. Lawton, U.S. Senator from Florida, questions submitted by 283
Cochran, Hon. Thad, U.S. Senator from Mississippi, questions submitted by 192
Cranston, Hon. Alan, U.S. Senator from California, prepared statement 570
Crowell, John B., Assistant Secretary, U.S. Department of Agriculture 699
  Biography of 708
  Prepared statement 704

Davidge, Ric, Special Assistant to the Assistant Secretary for Fish and Wildlife and Parks, Land and Water Conservation Fund, Department of the Interior 579
  Biography of 583
DeConcini, Hon. Dennis, U.S. Senator from Arizona, questions submitted by 213, 442

Page

Dickenson, Russell E., Director, National Park Service, Department of the Interior ... 65, 659
  Letter from ... 673
  Prepared statement ... 659
Doremus, Stanley D., Director, Budget Operations Staff, Office of the Secretary, Department of the Interior ... 339
Dunn, William, Assistant Director for Administration, Woodrow Wilson International Center for Scholars ... 327
Durenberger, Hon. David, U.S. Senator from Minnesota ... 561
  Prepared statement ... 563

Evered, J. Erich, Administrator, Energy Information Administration, Department of Energy ... 47
  Prepared statement ... 48

Fritz, John W., Deputy Assistant Secretary of the Interior for Indian Affairs (Operations), Bureau of Indian Affairs, Department of the Interior ... 217
Furiga, Richard D., Deputy Assistant Secretary for the Strategic Petroleum Reserve, Environmental Protection, Safety, and Emergency Preparedness, Department of Energy ... 479

Garn, Hon. Jake, U.S. Senator from Utah, questions submitted by ... 198
Garrett, Nancy C., Associate Director, Administration, National Park Service, Department of the Interior ... 65
Gifford, Prosser, Deputy Director, Woodrow Wilson International Center for Scholars ... 327
Gilmore, Gordon R., USN, Director of the Naval Petroleum and Oil Shale Reserve, Environmental Protection, Safety, and Emergency Preparedness, Department of Energy ... 479
Goldwater, Hon. Barry M., Jr., U.S. Senator from California, prepared statement ... 572
Goodrich, Steven G., Acting Executive Director, Navajo and Hopi Indian Relocation Commission ... 417
  Prepared statement ... 418
Gordon, Robert E., Deputy Director for Program Development and Budget, Forest Service, Department of Agriculture ... 631
Gorrell, Joseph W., Director of Budget, Department of the Interior ... 217
Gueli, Charles A., Director of Development, Pennsylvania Avenue Development Corporation ... 457

Hanzlik, Rayburn, Administrator, Economic Regulatory Administration, Department of Energy ... 1
  Prepared statement ... 2
Harrison, Monika Edwards, Acting Assistant Secretary for Elementary and Secondary Education, Office of Indian Education, Department of Education ... 393
  Prepared statement ... 394
Hatch, Hon. Orin, U.S. Senator from Utah, questions submitted by ... 198
Hatfield, Hon. Mark O., U.S. Senator from Oregon, questions submitted by ... 320, 767
Hildebeidel, Roger, Chief, Office of Budget, Bureau of Land Management, Department of the Interior ... 339, 603
Housley, Raymond M., Deputy Chief, National Forest System, Forest Service, Department of Agriculture ... 699
Huddleston, Hon. Walter D., U.S. Senator from Kentucky, questions submitted by ... 37, 195
Hutchison, Ira, Deputy Director, National Park Service, Department of the Interior ... 65

Jackson, Hon. Henry M., U.S. Senator from Washington, questions submitted by ... 204
Jantzen, Robert A., Director, Fish and Wildlife Service, Department of the Interior ... 617
  Biography of ... 618
  Prepared statement ... 617

Page
Johnston, Hon. J. Bennett, U.S. Senator from Louisiana, questions submitted by 614, 626, 685

Kaplan, Dennis, Chief, Budget Control and Analysis Division, U.S. Department of Agriculture 699
Krenzke, Theodore C., Acting Deputy Assistant Secretary, Indian Affairs (Operations), memorandum from 231
Kriz, Willis P., Chief, Land Resources Division, National Park Service, Department of the Interior 65, 659

Lavell, Bill, Legal Counsel, Navajo and Hopi Indian Relocation Commission 417
Leahy, Hon. Patrick J., U.S. Senator from Vermont, questions submitted by 207, 323, 681, 761
Leisz, Douglas R., Associate Chief, Forest Service, Department of Agriculture 631, 699
  Prepared statement 631
Lewis, Roger, Commissioner, Navajo and Hopi Indian Relocation Commission 417
Lindholm, Vernon V., Assistant Director for Acquisition and Exchange, Forest Service, Department of Agriculture 631
Lorenz, Milton C., Acting Special Counsel, Economic Regulatory Administration, Department of Energy 1

Massetto, Sandra, Commissioner and Vice Chairperson, Navajo and Hopi Indian Relocation Commission 417
Mazzoli, Hon. Romano L., U.S. Representative from Kentucky, prepared statement 577
Meszoly, Peter T., General Counsel, Pennsylvania Avenue Development Corporation 457
Miles, Jerome A., Deputy Chief, Administration, Forest Service, Department of Agriculture 699
Milin, Alexander K., Financial Manager, Pennsylvania Avenue Development Corporation 457

Ohman, John H., Deputy Chief, State and Private Forestry, Forest Service, Department of Agriculture 699

Peterson, R. Max, Chief, Forest Service, Department of Agriculture 699
  Prepared statement 753
Petty, Arnold, Deputy Director for Management Services, Bureau of Land Management, Department of the Interior 339

Regan, Thomas J., Executive Director, Pennsylvania Avenue Development Corporation 457
Rice, William L., Director, Program Development and Budget, Forest Service, Department of Agriculture 699
Ryan, Frank Anthony, Director of Indian Education Programs, Office of Indian Education, Department of Education 393

Sampsel, Roy H., Deputy Assistant Secretary of the Interior for Indian Affairs (Policy), Bureau of Indian Affairs, Department of the Interior 217
Savitz, Maxine, Deputy Assistant Secretary for Conservation, Department of Energy 285
Seay, George, Assistant Director for Development, Woodrow Wilson International Center for Scholars 327
Shaefer, Bernard J., Assistant Chief, Division of Realty, Fish and Wildlife Service, Department of the Interior 617
Sheaffer, C. Bruce, Acting Budget Officer, National Park Service, Department of the Interior 65
Smith, Kenneth L., Assistant Secretary of the Interior for Indian Affairs, Bureau of Indian Affairs, Department of the Interior 217
  Prepared statement 218

Page
Smith, Manuel, Office of Planning and Budget, Department of Education 393
Stevens, Hon. Ted, U.S. Senator from Alaska, questions submitted by 282, 695, 775

Tedrow, Richard T., Deputy Director, Office of Hearings and Appeals, Department of Energy 1
Tessler, Paul, Assistant Director, Relocation Operations, Navajo and Hopi Indian Relocation Commission 417
Tribble, Joseph J., Assistant Secretary, Conservation and Renewable Energy, Department of Energy 285
  Prepared statement 287

Vail, Delmar, Deputy Director for Lands and Renewable Resources, Bureau of Land Management, Department of the Interior 339, 603
  Prepared statement 603
Vaughan, William A., Assistant Secretary, Environmental Protection, Safety, and Emergency Preparedness, Department of Energy 479
  Prepared statement 480

Winkler, Ronald L., Deputy Assistant Secretary for Energy Emergencies, Environmental Protection, Safety, and Emergency Preparedness, Department of Energy 479
Workman, James W., Acting Director, Office of Fuels Programs, Economic Regulatory Administration, Department of Energy 1

SUBJECT INDEX

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

Page

- Acid rain activities, 791
- Acquisition management full-time equivalents, 656
- Acquisitions, composite, 653
- Additional committee questions, 651, 760
- Alaska timber sales program, 735
- Alpine lakes, 638, 652
- Bald Mountain road project, 813
- Benefit-cost analyses, 736
- Boundary Waters Canoe Area, 634, 796
  - Wilderness, 652
    - Cases pending, 635
- Budget:
  - Overview, 700
  - Request, 699
- BWCA cases, processing, 636
- Chugach NF, cooperative visitor facilities on the, 780
- Closures, other alternatives to, 748
- Completion of review, 647
- Cost-sharing suppression programs, 712
- Court awards and deficiencies, 637
- Deficiencies, estimate of, 638
- Eastern:
  - Forests, 761
  - Hardwood forests, opportunities for the, 747
- Facility maintenance needs, 807
- FIR project, 773
- Forest:
  - Fire protection activities, 802
  - Pest management, 766
    - Prevention and suppression funding needs distributed by ownership class, priority ranking of projected fiscal year 1983, 750
  - Roads, 718
- Forest Service:
  - Landholdings, 639
  - Lands, sale of, 641
  - Policy questions, 709
  - Uniform allowance, 815
- Forest Service/Department request to OMB, 711
- Forestry:
  - Intensified research program, 787
  - Research, 764
- General, 769
  - Administration activity, 813

14-616 0 - 83 - 57

Page

Gypsy moth:
    Program, Federal participation in the ... 714
    Research program ... 750
Harvest value per thousand in fiscal year 1983, determination of ... 727
Health and safety-related construction ... 784
Hells Canyon National Recreation Area ... 649
Introduction of associates ... 632
Juneau, research laboratory in ... 780
Justification of volume increases not passing B/C tests ... 736
Land and Water Conservation Fund ... 655
    Costs, fiscal year 1983 ... 633
Land exchange volume ... 633
    Fiscal year 1981 ... 634
Land exchanges ... 647
    Five-year history of ... 656
Land management planning, proposed regulations for ... 767
Land utilization standards ... 640
Legal services in Alaska, availability of ... 779
Minerals program ... 701, 785
Old-growth stands, management of ... 768
Personnel information ... 776
Potential pest suppression in 1983 ... 750
President's land sales program ... 653
Privately owned lands as national assets ... 719
Property Review Board ... 639
Public Law 96-451 ... 763
Public participation, circumvention of ... 768
Range:
    Evaluation ... 791
    Management activities ... 809
Recreation:
    Budget ... 701
    Receipts ... 783
    Research ... 792
Reforestation ... 809
Region 10, activity growth in ... 781
Region, station, and area offices, consolidation of ... 702
Renewable resource evaluation research program ... 786
Renewable resources economic research program ... 786
Research ... 770
    Budget ... 702, 744
        Line activity combination ... 794
    Change in policy ... 721
    Locations, closing of ... 746
    Program:
        Other USDA ... 711
        Reductions in ... 710
    Projects and facilities ... 766
    Reduction in FTE's ... 712
Resorts, selling of ... 635
Review process, criteria used in the ... 642
Road maintenance ... 807
Road program cost savings ... 782
Road-related research ... 788
Rural fire program ... 714
Rural forestry assistance ... 801
Sales program, increases in ... 737
Sawtooth and Hell's Canyon National Recreation Areas ... 657
Short-term research ... 764

Page
Soil and water inventories 811
State and private forestry 702, 749, 765
State and private forestry budget on nonindustrial landowners, impact of 782
State and private forestry program, reductions in 710
State forestry plans 794
Summary of witness statement 632
Ten-percent fund 744
Timber:
  Operators, future of 728
  Overview 701
  Receipts 727
  Sale program 716
    Cost comparisons for 737
  Sales in the short term 734
  Sales proposal 728
  Sales volume distribution to regions by 100 million board feet increments, fiscal year 1983 735
  Sell and harvest comparison 728
  Stand improvement 808
  Under contract, volume of 726
Tongass timber supply fund 775
Trail maintenance 808
UFA and RFA programs, merging 802
Weeks Act program 650
Western timber industry 761
Wilderness areas 652
Yield concept, departure from sustained 767
Youth Conservation Corps 812

DEPARTMENT OF EDUCATION

OFFICE OF INDIAN EDUCATION

Additional committee questions 407
Budget reductions for fiscal year 1983 410
Different service populations 410
Discretionary grants, application process for 401
Full-time permanent positions 407
Indian-controlled schools:
  Audits of 410
  Established since 1977 401
  List of 410
  Students in 402
Introduction of associates 395
Length of funding of planning, pilot, and demonstration projects 407
Length of funding of projects 406
Opening statement 395
Part A:
  Discretionary grant recipients: fiscal year 1982 402
  Evaluation 402
  Funding 398
Part C:
  Funds 406
  Planning, pilot, and demonstration projects to be continued in fiscal year 1983 406
Proposed floor of $5,000 399
Proposed transfer to BIA 409
Resource centers 405

Page

- Startup costs, support for 399
- Transfer to Interior 396

DEPARTMENT OF ENERGY

- Active energy program, need for 293
- Additional committee questions 313
- Advanced gas turbine 316
- Authority of DOE to discontinue program activities if funding is not provided for that program 312
- Bonneville Power Administration 296
- Budget request 285
  - Fiscal year 1983 310
- Budgets, additional 312
- Conservation 288
  - Budget, purpose of 323
  - Grants 316
  - Program, redirection of 301
  - Reporgramings, possible 309
- Deferrals and rescissions:
  - Proposed 308
  - Schedule for 315
- Delay strategy 315
- Energy:
  - Conservation 324
    - In housing 298
    - Savings 324
  - Efficiency 297
  - Growth rates 318
  - Problem, continued existence of 299
  - Savings by sector 319
  - Situation 293
  - Use, 1973–80, study of 295
- Fiscal year 1982 program plans 316
- Industry:
  - Programs 304
  - R. & D. incentives 306
- Long-term research, industry support for 304
- Low-income weatherization program 317
- Ocean thermal program 295
- Oil imports, savings in 323
- OMB role 315
- Price increases, response to 320
- Private sector research 314
- Program termination 314
- Reprograming actions, possible 309
- Reprograming, deferral, and rescissions requests 309
- Schools and hospitals grant programs 317
- Staffing reductions 320
- Statutory obligations 311
- Transportation programs 302
- Weatherization 295
  - Assistance, need for 318

ECONOMIC REGULATORY ADMINISTRATION

- Additional committee questions 23
- Additional fiscal year 1982 funds, effect of 6
- Audit workload, fiscal year 1981 and fiscal year 1982 11
- Budget adjustment 40

Page

Burning coal and oil, cost differential between ... 13
Clean Air Act amendments ... 38
Compliance:
  Cases, status of ... 6
  Program money in escrow ... 9
  Settlements ... 24
Contracting out preparation of EIS ... 22
Conversion, capitalization requirements of ... 21
Enforcement program ... 2
Florida conversions ... 39
Fuels conversion ... 3, 24, 37
  Lapsed orders to potential converters ... 20
  Potential conversion order candidates ... 21
  Program ... 11
    Staffing ... 14
  Resource requirements ... 25
  Status of proposed prohibition orders as of March 11, 1982 ... 19
Oil and gas imports ... 2
Petroleum operations ... 25
  Contracts ... 23
Prohibition order:
  Activity ... 38
  Anticipated ... 17
  Status of ... 18
Refiner audits, nonmajor ... 10
Settlements:
  Anticipated results of fiscal year 1982 ... 7
  Fiscal year 1982 compliance ... 9
  Nonmajor refiner ... 9
Subpart V petitions ... 24
Summary state of Director of Hearings and Appeals ... 5
Summary statement of Administrator, ERA ... 4
Utility capital formation ... 22

ENERGY INFORMATION ADMINISTRATION

Additional committee questions ... 60
Background ... 48
Budget request ... 52
Consumption surveys and the financial reporting system, reductions in ... 63
Contract budget, Energy Information Administration ... 62
Disclosure policy, Energy Information Administration ... 59
DOE activities, reorganization of ... 58
EIA amendments of 1981 ... 53
Emergency preparedness capability, Energy Information Administration ... 62
Fiscal year 1982 accomplishments ... 49
Forecasting, mid- and long-term ... 61
Oil imports data systems ... 63
Plans for fiscal year 1983 ... 49
Projections, mid- and long-term ... 54
Reimbursements ... 56
  EIA ... 57
Reporting burden, reductions in ... 61
User fee system ... 57, 58

ENVIRONMENTAL PROTECTION, SAFETY, AND EMERGENCY PREPAREDNESS

Activities and accomplishments, fiscal year 1982 ... 481
Additional committee questions ... 528
Big Hill deferral ... 493

Page
Budget request, fiscal year 1983 .... 484, 487
COG 532
Conducting tests 551
Consulting and contracting services 513, 555
  List of all expenses relating to:
    Naval petroleum reserves in California 513
    Naval petroleum reserve No. 3 513
    Naval oil shale reserves 514
Coordination of effort 517
Coordination with other agencies, States and localities, and the private sector 545
Defense preparedness, supporting 548
Developing essential information 539
Disincentives, removal of 516
Electric:
  Energy activity 524
  Power industry 524
  Power supply reliability 522
Electrical costs 511
EMPB 531
Emergency executive reserves 517
Emergency preparedness:
  Budget, fiscal year 1983 482
  GAO report on 499
  Philosophy 502
Energy:
  Consumption as a ratio of GNP growth 499
  Crisis, response to 504
  Emergencies 529
    Program 480
  Emergency preparedness 533
  System supply network 532
Enhanced oil recovery 507
Enhancing supplies 533
Executive reserves, mobilization of 520
Facilities development 485
  And operation 484
Fuel sources, dependence on 516
Funds appropriated to the President 512
IEA 530
Institutional impediments 531
Intermin storage costs 496
Land condemnation 554
Market operation 530
Mitigating impacts 536
Naval petroleum reserves 507
Nitrogen oxygen emission control 508
Nonphase specific 485
NPQSR background 486
NPR oil for SPR, exchange of 512
NPR-1, production operations at 510
NPR-3 511
Oil prices:
  Assumptions 497
  Decreasing 497
  Reduction in projected 496
Operator's award fee 509
Organization 481
Petroleum acquisition and transportation, off-budget appropriation for 485

Page
Phase II development 554
Phase III costs 555
Price on demand, effect of 505
Program highlights and accomplishments, fiscal year 1981 and fiscal year 1982 487
Public information 500
Roads, reconditioning of 512
Safety and security criteria 555
Self-help programs 514
    Listing of 516
SPR:
    Alternatives to 526
    Fill rates and interim storage 494
    Oil acquisition:
        Activities 483
        Fiscal year 1982 492
Staffing support 558
Strategic mineral stockpile 525
Summary statement 490
Tripwire capability 520
Uranium imports 515

OFFICE OF HEARINGS AND APPEALS

Average case resolution time 42
Cases:
    Length of time to complete 43
    Small refinery 44
Outstanding cases, backlog of 41

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Accomplishments 220
Additional committee questions 255
Administration and personnel 275
Alaska Lands Act 273
Beliefs and philosophy 223
BIA:
    Schools in Alaska 219
    Technical assistance versus grant program 247
Budget request, fiscal year 1983 218
Consolidated tribal government program (CTGP) 220
Construction 220, 275
Contract:
    Cancellations 251
    Performance measurement 254
Contracting:
    Improvements, implementing recommendations for 251
    Staff, past lack of 253
Disaster assistance, social services expenditures for 241
Drought program:
    Cheyenne River Sioux 235, 236
    Crow Tribe 229
    Northern Cheyenne 229
Drought relief assistance program 226
Economic development initiatives 271
Emergency feed program, overlap of Department of Agriculture 236
Facilities operation and maintenance 273
Facility improvement and repair 279

Page

- Fisheries ... 272
- GAO report ... 263
- Hopi High School ... 280
- Housing ... 262
- Indian action teams ... 270
- Introduction of associates ... 224
- Irrigation system ... 281
- Law enforcement ... 243
- Management methods ... 222
- Off-reservation boarding schools ... 219
- Realinement of the Bureau ... 219
- Revolving fund for loans ... 281
- Self-determination:
  - Grants ... 245, 246
    - Technical assistance funding, difference between ... 248
    - Training ... 248
  - Services:
    - 638 pay cost associated with ... 246
    - Contract support ... 244
- Shortfalls ... 222
- Small tribes management initiative ... 265
- Social services ... 241
- State need standards, establishing ... 237
- State payments for AFDC ... 237
- Training and technical assistance funds ... 247
- Tribal:
  - Government services ... 242, 256
  - Management systems ... 249
- Trust responsibilities ... 220
- Welfare grants ... 237
  - Potential savings in ... 239

BUREAU OF LAND MANAGEMENT

- Accounting, proposed merger of ... 611
- Acid rain ... 376
- Acquisition:
  - Management, FTE transfers to ... 611
  - Projects ... 614
- Additional committee questions ... 375, 612
- Alaska lands program ... 35, 376
- Appropriation, cost of maintaining separate ... 611
- BLM personnel attitudes ... 370
- Budget request, highlights of BLM ... 345
- Cadastral survey ... 371, 378
- Coal leasing ... 347
- Cost-benefit analysis:
  - Of projects ... 363
  - Procedure ... 364
- Deposit amounts vs. awards ... 605
- Deposit amounts, acquisition ... 606
- Easement acquisition ... 609
- Energy-related realty ... 352
- Fair market value:
  - Disposals, less than ... 610
  - Determination of ... 607
- Fire management ... 386
- Forest management ... 384
- Gas production, increase in ... 352

Page
Geothermal 382
Grazing:
  Management 365
  Program, support positions in 366
Introduction of associates 345, 604
Land acquisition:
  Appropriation, merger of 611
  Staffing 610
Land disposal initiative 354
Landlocked communities 355
Livestock:
  Grazing on the public lands 371
  Operations, shift of costs to 361
Nonenergy minerals 384
O&C grant lands 378
Outer Continental Shelf:
  Crude oil production 351
  Gas production 352
  Land, crude oil production from 351
  Leasing 348
  Post-lease activities 349
  Receipts 349
Oil and gas leasing 382
  Alaska 383
Oil shale/tar sands 383
On-the-ground improvements, funds for 362
Payments in lieu of taxes 359
Personnel ratios 368
Planning 388
Private rights, protection of 373
Property disposal 614
  Program 609
Range improvement program 376
Range improvements:
  Net present value of 364
  Private investments in 363
  Return on 364
Rangeland management 360
Soil and water activities, reductions for 368
Surplus property disposal 354, 355
Surveying, improvements in 373
Surveys, legislative changes for 374
Wild horse and burro funding 364
Wilderness 378
Wildlife:
  Forage allocated for 369
  Habitat management 377
Withdrawal review 358

FISH AND WILDLIFE SERVICE

Acquisition projects, fiscal year 1983 620
Additional committee questions 624
American crocodile 622
Budget request 617, 621
Endangered species habitat protection, ranking of 621
Exchange vs. purchase 623
Introduction of associate 618
Kirtland's warbler habitat 622

Page
Land acquisition 625
Land and Water Conservation Fund 626
Note of appreciation 619
State forest inholdings, the use of exchanges to acquire 623

LAND AND WATER CONSERVATION FUND

Additional committee questions 601
Case study highlights 590
  General overview 590
  Highlights of specific findings and recommendations:
    Appalachian Trail 591
    Biscayne National Park 591
    Chaco Culture National Historical Park 592
    Channel Islands National Park 593
    Chattachoochee River NRA 592
    Grand Teton National Park 592
    Jean Lafitte National Historical Park 593
    Kaloko-Honokohau National Historical Park 593
  Status 590
Federal real property Executive order 595
Introduction of associates 584
Property disposal plan 602
Protection strategies, alternative 602
Redirecting a policy 594

NATIONAL PARK SERVICE

1982 pay costs 117
Acid rain 104
Acquisition management 677
  Staffing impact on 663
Additional committee questions 105, 676
Administrative expenses 672
Admission permits for hunting, fishing 91
Air quality 112
Alaskan parks 118
Appalachian Trail project 115
Appropriation language 677
Area distribution 114
Areas already in system, attention to 103
Assistance to States 660
Authorization ceilings 677
Budget reductions and pay cost absorptions 71
Budget request 65, 105, 659
Buffalo National River 92, 107
Concession management, funding for 110
Concessioner collection procedures 88
Construction 125
Cost estimates 681
Cumberland Gap National Historical Park 195
Curtailment of activities 109
Cyclic maintenance 98, 109
Deferral of acquisitions, review of 93
Deficiencies:
  Estimated 680
  Or court awards 678
Depositing collections 88
Endangered properties fund 186
Federal Highway Administration recommendations 94

Page
Federal spending, reduction 68
Fee collections 72
Fire suppression and rehabilitation 113
Full-time equivalency reduction 117
Funding and staff levels increases 76
General management plans 77, 80
General statement 66
Glen Canyon National Recreation Area, Utah-Arizona 213
Golden Gate National Recreation Area 678
Grand Canyon National Park, Ariz.:
  North rim road 198, 213
  Water and sewer systems 214
Grant funds from States, formula for reclaiming 661
Health and safety projects 94
High standards, maintaining 67
Historic preservation 124
  Fund 150
  Fundings 75
  Program 194, 207
    Cost effectiveness of 76
Increased funding 124
Inner city ventures fund 188
Internal examination, result of 661
International park affairs 113
Interpretation and visitor services 106
Jean Lafitte National Historical Park 694
John F. Kennedy Center 191
Land acquisition:
  Administrative expenses 662
  Areas 663
  Program 685
Land and Water Conservation Fund 681
Land disposal program 664
Land exchanges 665
Less than fee acquisition 666
Merger of the Heritage Conservation and Recreation Service with the National Park Service 214
Natchez Trace Parkway 192
National Park Service units with national atmospheric deposition program monitoring sites 104
National recreation and preservation 121
National trust for historic preservation 153
Natural program funds, reducing 90
NPS finance and accounting systems, report on 87
Olympic National Park road 96
Park:
  Maintenance 108
  Resource management plan 113
  Resources, preserving and protecting 68
  Restoration and improvement 91
  Road standards 95
Personnel levels, interpretive 70
Planning process 78
Priorities other than roads and bridges 97
Problems facing the National Park Service 66
Program increases 69
Protection, measuring Park needs for 74
Public affairs 106

Page

Resource management initiatives 112
Rivers and trails 123
Roads and bridges 94
Snow removal program 203
Special initiative parks 116
State assistance program 688
Tax Act certification backlog 77
Tax certifications and nominations to the National Register 76
Telephone expenses 114
U.S. Park Police 108
Units without approved plans 84
Urban park and recreation fund 189
Visitor protection and safety 73, 107
Volunteers-in-parks program 71
Youth Conservation Corps 89, 204
Zero-State grant funding 676

NAVAJO AND HOPI INDIAN RELOCATION COMMISSION

Additional committee questions 441
Advisory assistance services 438
Bonus funds, unspent 437
Bonus payment:
  Obligations 437
  Request for 436
Budget request, overview of 419
Discretionary fund activities 439
Introduction of associates 419
Land exchange negotiations 420, 430, 431
Out year costs 422
Possible legislative proposals 431
Program eligibility 435
Relocation assistance:
  Authorization for 430
  Funds 420
Relocation, cost of 432
Rules and regulations 436
  Subpart B—General relocation requirements 436
Total program costs 423

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

Borrowing authority, adequacy of proposed legislative increase for 477
Business deals with developers 477
Introduction of associates 458
Land acquisition and development 476
Market Square Park:
  Payment of site acquisition costs of 463
  Projected acquisition costs of the 465
Moving costs 476
National Theater 472
Navy memorial 465
Old Post Office Building 475
Personnel reduction, work schedule impact of 474
Privately-owned land for public uses, procedures for purchasing 469
Public sidewalk costs, reimbursement of 462
Purchase of private properties for public purposes 467
Reprograming request 460
Revenue expectations 469
Square Park construction, schedule for 466

Page

Staff reductions 473
Willard Hotel 469
  Renovation, schedule for the 471

WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS

Fellowship stipends 331
GSA, contracting with 335
International programs, positions in 332
Introduction of associates 329
Private funds, carryover of 335
Public and private funds, division between 330
Smithsonian, reimbursement to 333

○